ENOCH MGIJIMA
LOCAL MUNICIPALITY

Enoch Mgijima Municipality
BUDGET STRATEGY AND EXPENDITURE FRAMEWORK

FOR

2019/20 – 2021/22

ADOPTED MAY 31, 2019

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2 Executive Mayor's **Foreword**

Our budget process as required by legislation has had, as a critical aspect, the element of consultation with the broader community of Enoch Mgijima. This budget is presented with a great burden on us to pay undivided attention to ever urgent service delivery needs of our communities and critical aspects of good governance as making a case for improved institutional integrity

We can attest that, amidst challenges we face around revenue collection, the municipality has taken all reasonable steps to ensure that the 2019/20 draft budget is fully funded and can be implemented with the anticipated revenue as set out in the main tables of this Budget document.

The tabled budget estimates, a total expenditure budget of R829.7 million for the 2019/20 financial year and a total revenue budget of R731.8 million, comprising of R671.7 million operating budget and a R60.1 million capital budget, shows an increase of R153.7 million when compared to the 2018/19 adjustment budget.

This picture does to an extent show the pressure that the municipality has in enhancing its revenue streams in order to meaningfully meet the demands of our communities through this budget.

While we acknowledge that we have many areas of improvement within the Section 139 intervention, through this budget document is a tool in our hands to push back the frontiers of poverty, inequality and unemployment while we foster a transforming society that is alive to the infinite possibilities for economic growth and development in Enoch Mgijima Local Municipality

3. **Budget Related Resolutions**

1. Council resolves that in terms of section 24 of the Municipal Finance Management Act, 56 of 2003, the final annual budget of the municipality for the financial year 2019/20 and the indicative allocations for the two projected outer years 2020/21 and 2021/22 and the multi – year and single year capital appropriations are approved as set-out in the following tables:

1.1. Budgeted Financial Performance (revenue and expenditure by standard classification) **Table A2.**

1.2. Budgeted Financial Performance (revenue and expenditure by municipal vote) **Table A3.**

1.3. Budgeted Financial Performance (revenue and expenditure by source **Table A4.**

1.4. Multi – year and single year Capital appropriations by municipal vote and standard classification and associated funding by source fund **Table A5**.

2. That the financial position, cash flow, cash – backed reserve/accumulated surplus, asset management and basic service delivery targets are adopted as set - out in the following tables:

2.1 Budgeted Financial Position Table **A6**

2.2 Budgeted Cash Flows **Table A7.**

2.3 Cash Backed Reserves/accumulated surplus Reconciliation **Table A8.**

2.4 Asset Management **Table A9.**

2.5 Basic Service Delivery Measurement **Table A10.**

3 That in terms of section 24(2) (c)(i) and (ii) of the Municipal Finance Management Act, 56 of 2003 and sections 74 and 75A of the Local Government Municipal Systems Act , Act 32 of 2000 as amended, the tariffs for the supply of electricity, waste management services and property rates as set out in **appendix A** that were used to prepare the estimates of revenue by source, are approved with effect from 1 July 2019.

4 That in terms of section 5 of the Municipal Property Rates Act, 6 of 2004, the rates policy and its bylaw as amended in 2019 and set out in **Appendix B** is approved.

5 Electricity tariffs be imposed at 13.07% approved by Nersa for bulk purchases with effect 1 July 2019.

6 Council resolves that all other tariffs and charges reflected in **appendix A** are approved for the budget year.

7 Council resolves that the Electricity tariffs for non-indigent consumers be approved with 13.07% with effect 1 July 2019.

8 Council resolves that the monthly electricity tariffs for registered indigents for the financial year be approved as follows:

First 50 Kw	Free
More than 51Kw	Increase of 13.07%

9 Council resolves that the measurable performance objectives for revenue from each source reflected in **table 10** are approved for the budget year.

10 Council resolves that the measurable performance objectives for each vote reflected in **section 17** are approved for the budget year 2019/20.

11 That in terms of section 24(2) (c)(iv) of the Municipal Finance Management Act, 56 of 2003, the amended Integrated Development Plan as submitted are approved as part of the medium term budget.

12 That the **7.0%** provided for salary increases for employees is maintained.

13 That indigent income levels are set at the following:

Destitute indigent	R 1750
Indigent	R 2540

14 That in terms of section 24(2)(c)(v) of the municipal Finance Management Act, 56 of 2003, the budget – related policies and by - laws including any amendments as set out in appendix B to the Budget document are approved for the budget year 2019/20.

In terms of the Property Rates Act, Council must approve the tariffs levied per each category of property in each financial year. Below are the tariffs that are applicable in 2019/20 financial year. These rates have not changed from the rates adopted by council in 2018/19 financial year. New valuations have been done for the municipality, however property values have not increased significantly and as a result, the municipality decided to impose a zero increase in property rates for the 2019/20 financial year.

ROPERTY RATES AND LEVIES Proposed increment 2019/20 at 0. %			
General Rate	2018/19	2019/20	
Domestic (cents in a Rand)	0.00839055	0.00839055	Cents in a Rand
Business/ Commercial (cents in a Rand)	0.01060689	0.01060689	Cents in a Rand
Government/ Parastatals (State Owned) (cents in a Rand)	0.00839202	0.00839202	Cents in a Rand
Agricultural (cents in a Rand)	0.00214305	0.00214305	Cents in a Rand
PSI (cents in a Rand)	0.00214305	0.00214305	Cents in a Rand
Parking Development Rate (cents in a Rand)			Cents in a Rand
Vacant land	0.03918873	0.03918873	Cents in a Rand
Municipal Properties	0	0	Exempted
Places of Worship	0	0	Exempted
PBO	00	0	Exempted

The BUDGET

4 Executive Summary

The Municipal Budget and Reporting Regulations (MBRR), are designed to achieve a range of objectives, including improving the local government sphere's ability to deliver services by facilitating improved financial sustainability and better medium term planning. The Municipal Finance Management Act (MFMA) and the related Circulars have been distributed by the National Treasury and require that the Mayor tables a three-year medium term budget strategy and expenditure framework to the Enoch Mgijima Local Municipal Council by the end of March for the financial year beginning July 1,2019 and ending June 30,2020

The MFMA also requires that the municipal budget be tabled in council at least 90 days before the start of the new financial year.

This tabled budget has been taken out to the public for consultation and now brought back to the entire municipal council for approval before the beginning of the new financial year as required by the MFMA. This final budget brought back to council has incorporate many of the submissions and changes that are deemed required by the Mayor.

Most of the requirements of the MFMA concerning the budget content and documentation are in place for this budget process and were incorporated into this budget document. Major requirements of the MFMA include:

1) The budget must set out 'realistically anticipated revenues' for the year by each revenue source;

2) The budget must be generally divided between capital and operating expenditures and each must be set out by 'vote';

3) Expenditures can only be funded by 'realistic' revenues; surplus cash carried forward and not committed to any other expenditure or borrowed funds (borrowed funds can only be used to fund capital projects). The 2019/20 Budget as tabled to council meets all the requirements as stated in section 17 of the MFMA.

The municipality has taken all reasonable steps to ensure that the 2019/20 draft budget is fully funded and can be implemented with the anticipated revenue as set out in the main tables of the Budget document.

Requirements of the m SCOA Regulations and its impact on the tabled Budget.

It is a requirement for all municipalities to adopt a budget that is SCOA compliant by the 1st of July 2017. m SCOA is a financial reform that aims at aligning the municipality's systems to a standard chart of account. For this to be possible, the municipality must be able to transact across all the seven m SCOA segments and its core systems and sub – systems must seamlessly integrate.

The municipality has been working towards the integration of the Debtors main sub – system (including cash management and receipting), Payroll and Assets Management sub – system modules. Payroll integration has been done and the municipality is waiting for the system administrators to configure the SOLAR so that all municipal assets can be loaded into one asset management system.

It is also a requirement for the municipality to achieve seamless integration of the Integration Development Plan (IDP), the Service Delivery and Budget Implementation Plan (SDBIP) and Budget facilities into the core financial system so that the municipality can transact effectively by the 1st of July 2019. The municipality is working tirelessly to achieve this requirement by the due date.

The implication of this requirement is that the compilation of the 219/20 Medium – Term Budget and Expenditure Framework (MTREF) must not only be compliant with the MBRR but must also be compliant with the m SCOA classification framework. The municipality will submit A1 Schedule that will correspond with the Data string from the system. All budget schedules will be prepared in the system as required by m SCOA regulations.

Budget assumptions and the Budget Process

In August of 2018 the Mayoral committee approved a set of assumptions and forecasts that were used to prepare 'baseline' budgets. These 'baseline' budgets formed the

basis for operating budget discussions and these were given to the Directors to review and revise within given guidelines. These revised baseline budgets returned by the directors then formed the basis for the draft budget. (*see section 10 for a discussion of budget assumptions*). It must be stressed here that among the guidelines given to Directors was the fact that the 2019/20 budget will not accommodate any budget increases due to the low revenue base of the municipality. The municipality's management resolved to table a funded budget to council during the Budget Process The budget and financial policies used to develop this budget are focused on making Enoch Mgijima Local Municipality financially sustainable in the long run. One of the biggest challenges facing the municipality in the near future is maintaining an operating year end cash balance to allow for positive operating cash flows and unexpected contingencies.

It is the intention of the municipality to build a cash backed reserve in support of the capital assets reserve fund from which future assets financing can be made. Enoch Mgijima Local Municipality does not have any cash – backed reserve at the moment. Cash reserves are not only necessary to pay all the creditors that we owe as required by the MFMA but to cushion the municipality in times of shortfalls of our cash position during the operating year.

Where residents are formally registered as indigent and have completed the requisite Municipal forms, had affidavits signed and had their residential status inspected and confirmed by municipal staff and the ward councilor, they will qualify for free refuse removal and 50 kw of electricity. Residents who qualify for free basic services are encouraged to apply for indigent status in line with the municipality's indigent policy. Currently, the municipality supports 21 028 households for free basic electricity at a cost of R10.86 million and 11 799 households whose refuse are collected once a week at a cost of R14.48 million per year. In the remote areas where households are not connected to the electricity grid, the municipality supplies gel fuel as alternative energy.

Proposed Budget Estimates

The municipality is tabling **a total expenditure budget of R829.7 million** for the 2019/20 financial year and **a total revenue budget of R731.8 million.** This comprises **of R671.7 million operating budget and a R60.1 million capital budget**. This shows an increase of R153.7 million when compared to the 2018/19 adjustment budget.

Operational Revenues are anticipated to reach **R671.8 million** (including currently known grants received for operational expenditures) and **operational expenditures** are proposed at **R769.6 million**. There is an operating deficit of R97.8 million that will be eliminated within a period of 3 years. Plans to eliminate this deficit over the 3 year period will be explained later in this Budget Document.

The Capital Budget is funded from a blend of conditional grants, and internally generated funds. Capital expenditures for 2019/20 are estimated at **R60.1 million** for a variety of capital projects showing a decrease of R3.3 million when compared with the 2018/19 adjustment budget. The capital budget is funded mainly from government grants – Municipal Infrastructure Grant (MIG) R51.4 million, Integrated National Electrification Programme (INEP) R7.4 million and own funds of R1.2 million for small capital purchases. Procurement plans will be tabled to council alongside with the final budget so as to speed up the implementation of these capital projects.

In preparing the budget many issues emerged that had to be taken into account. Several assumptions were utilized to produce estimates and forecasts. In addition, many policy decisions were incorporated into this budget document. The following list attempts to give the most significant of these.

The South African Economy and its impact on the Local Mgijima Economy

The South African GDP growth rate is forecasted to increase by 1.3 per cent in 2017 and to improve moderately over the medium term which will increase to 2 percent and 2.2 percent in 2018 and 2019 respectively. This positive trajectory marks a shift from several years of declining growth. However, it must be emphasized that this is not enough to markedly reduce unemployment, poverty and inequality. These economic challenges will continue to pressurize municipal revenue generation and collection levels hence the conservative approach adopted by the municipality for projecting revenue. Circular 94 emphasize the importance of having a funded budget; a budget that can fund the adopted operating expenditure and capital programmes.

The municipality's equitable share has increased from R164 million to R180 million but that is not enough to make the municipality responsive to all of its operating demands.

The sluggish economy coupled with the slow revenue collection currently experienced by the local municipality meant that the municipality will have to limit non- priority spending and to implement stringent cost – containment measures as per National Treasury circular 82.

The attainment of funded budget

The process of tabling a funded budget began in February 2019 when the municipality tabled a funded budget to council in line with the Provincial Treasury's assessment guidelines. Below is how the 2019/20 final budget compares with the provincial treasury budget estimates and the 2018/19 adjustment budget. The municipality will however not be able to achieve funded budget in the 2019/20 budget. With the implementation of the Financial Recovery Plan and the smart meter project the attainment of funded budget will be achieved in the next 3 years.

BUDGET COMPARISON				
Revenue by Source	2018/19 Proposed Estimates	2018/19 Adjustment Budget	2019/20 Final Budget	Final Budget vs Adjustment
Property rates	96 275	96 540	101 170	4 630
Service charges - electricity revenue	241 834	238 319	260 745	22 426
Service charges - refuse revenue	40 455	37 066	52 619	15 553
Rental of facilities and equipment	2 749	2 465	3 071	606
Interest earned - external investments	3 000	2 007	2 856	849
Interest earned - outstanding debtors	16 000	19 145	23 306	4 161
Fines, penalties and forfeits	1 924	2 602	2 986	384
Licences and permits	4 656	4 646	5 062	416
Agency services	4 981	4 961	4 981	20
Grant and Subsidies	183 021	184 031	196 556	12 525
Other revenue	25 621	25 621	18 402	-7 219
TOTALS	**620 516**	**617 403**	**671 754**	**54 351**

Operating Revenues

There is an increase of R4.6 million in Property Rates because of the new General Valuation Roll. This is the first General Valuation Roll that covers all the Properties of the Enoch Mgijima community. The new GV will result in an increase in the collection of revenue from property rate across all categories of rate payers.

Revenue from Electricity sales has increased by 13.07%. Total revenue from this service is expected to reach R278 million. An allowance of R17.3 million in respect of free 50kw is allocated to registered indigents leaving R260. 7 million to be collected.

Revenue from Refuse removal has increased by 5.0%. After making provision for cost of free weekly Refuse removal to registered indigents, R52.6 million will be collected for the 2019/20 financial year.

Interest charged on outstanding debtors is based on what is currently charged in the system in the 2018/19 financial year. The system raises interest on debts owed to the municipality. Interest on outstanding debtors as at April 2019 seats at R31.5 million.

There is an increase of R50.3 million between the 2018/19 adjustment budget and the 2019/20 final budget. The bulk of this (R15.5 million) is due to an increase in the equitable share while the rest is due to the 9.41% increase in electricity tariff, 5.0% in Refuse tariff and the increase in the property values as a result of the new Valuation roll

Revenue from major tariffs and taxes are shown on a 'billed' (or accrual) basis where applicable. In many cases revenue billed is much higher than cash collected on that billing. An offsetting bad debt expense is also included for each billed revenue vote. This expense must be considered in any revenue discussion. **Allocations for bad debt** for the major tariffs amounts to R75.8 million.

Rates and tariffs in most cases contain proposed increases. A detailed listing and explanation of these is included in this document (see appendix A). To summarize these recommended increases:

Electricity	13.07% increase
Rates	0.0% increase
Refuse Collection	5.0% increase

The **Equitable Share** Allocation from the National Treasury for the 2019/20 financial year as contained in the DORA gazette is **R180, 007,000** rising to R190 986 000 in 2020/21 and R202 996 999 IN 2021/2022.

Operating Expenditures

BUDGET COMPARISONS				
Expenditure Types	2018/19 Proposed Estimates	2018/19 Adjustment Budget	2019/20 Final Budget	Final Budget vs Adj Budget
Employee related costs	311 905	273 857	269 409	-4 448
Remuneration of councillors	30 223	26 277	26 277	0
Debt impairment	22 496	22 496	75 753	53 257
Depreciation & asset impairment	50 786	37 346	53 326	15 980
Finance charges	4 267	1 500	1 500	0
Other Materials	11 389	8 198	7 453	-745
Bulk purchases	267 213	147 213	253 817	106 604
Contracted services	27 768	49 740	30 195	-19 545
Transfers and subsidies	25 358	159	4 911	4 752
Other expenditure	50 784	49 135	46 989	-2 146
	802 189	615 921	769 630	153 709

Employee salaries and related expenses are increased by the level indicated by correspondence from the national treasury. MFMA circular 85 recommended that the projected inflation forecast plus one percent be applied to the employee salaries. **Salaries will therefore be increased by 7.0%.** Municipalities are advised to take into consideration the multi - year Salary and Wage Collective agreement for the period 01 July 2018.

Other employee related costs such as contract / casual workers are based on the number of contract workers that can be accommodated in the budget. Overtime expenditure is cut significantly and must be monitored by management. This explains the reduction in the Employee related cost in 2019/20 as compared to the R273 million in the 2018/19 adjustment budget.

No new vacancies are included in this budget. The final budget has a salary budget which is already 35% of total operating expenditure. This is above the 33% treasury threshold.

Municipalities have been advised by National Treasury to budget for remuneration of councilors based on the actual costs approved in line with the latest Public Office Bearers Act issued in January 2017. Councilor remuneration has been separated from the allowances given to ward committees. m SCOA has classified their remuneration under other expenditure.

Electricity bulk purchases was anticipated to increase by 9.41% for the 2019/20 financial year. However on the 29th of May, the municipality received a correspondence from NERSA that states that electricity tariffs for 2019/20 effective from 1st July 2019 must be increased to 13.07%. The Bulk Electricity Purchases reflected in the budget is based on the budgeted Eskom monthly accounts in 2018/19 with an increase of 13.07% to be levied in 2019/20 financial year. The cash flow in A7 is based on the payment arrangement with Eskom and 2019/20 billing that will be made to Eskom. The municipality will make this new electricity tariff public in the newspapers after the budget has been approved by council.

Provision for bad debt has been increased to R75.8 million in anticipation of possible objections to the new General Valuation Roll that will come into effect in July 2019.

Contracted services in respect of repairs and maintenance has been reduced to levels that can be afforded in the 2019/20 financial year.

Depreciation and Asset impairment is budgeted at R53.3 million and in line with the budget projections from the previous year.

The municipal has also budgeted for Free Basic Services provided to indigents by Eskom on behalf of the municipality. In 2019/20 financial year, this will amount to R4.7 million.

Capital operating projects in perspective

National Treasury has also indicated that a minimum of 40% of the capital budget should be for renewal as opposed to new infrastructure. The 2019/20 budget indicates that upgrading of existing capital assets as a percentage of total capital asset will amount to 60% of the capital budget (R36.5 million out of the capital budget of R60.1 million). The municipality will continue to work towards this goal in the near future.

Capital projects to be undertaken in the 2019/20 MTREF are as follows:

Completion of the Qwabi Bridge over Kuzitungu River Phase 2 has been allocated R4.8 million in the 2019/20 financial year and a further R5.0 million in the MTERF for the completion of the project.

The Enoch Mgijima Community Lightning programme Phase 4 will receive a R3.0 million budget allocations in the 2019/20, with a further R5.5 million allocated in 2020/21 financial year.

Paving of Komani Access Roads and surrounding Roads have been allocated R4.1 million with a further R16.3 million in the 2019/2022 MTREF. These projects are aimed at converting the dilapidated tar roads to paving.

Completion of Mc Bride and Lesseyton sport fields in wards 19 and 18 respectively will receive attention in the 2019/2022 MTREF. An amount of R4.18 million is allocated in 2019/20 with additional amounts of R10.6 million to complete the Mc Bride project, while Lesseyton sport field will receive a total of R16.3 million in the MTREF with R4.8 million allocated in 2019/20 financial year.

Braakloof shearing shed in ward 19 has been allocated an amount of R1.15 million in the 2019/20 financial year.

Fencing, signage, construction of Guard House, Ablution Blocks, Weigh Bridge and digging of New Cells/ Trenches for Molteno, Tarkastad and Ezibelleni Landfill sites have been allocated an amount of R15.0 million in the MTREF with R6.0 million allocated in the 2019/20 financial year.

Upgrading and beautification of Hexagon area in Komani has been allocated an amount of R3.0 million in R2019/20 with an additional allocation of R3.0 million in 2020/21. The aim of this project is to lift the image of the Central Business District of the town.

Paving of Whittlesea Access Roads and surrounding areas has been allocated an amount of R5.0 million in 2019/20 and a further R10.5 million in the MTREF.

Upgrades, rehabilitation, repairs and maintenance of gravel roads in Komani, Whittleasea, Sterkstroom, Molteno, Tarkastad and the surrounding areas have been allocated a budget of R4.5 million in 2019/20 with a further R13.8 million in the two outer years of the 2019/22 MTREF. Local labour will be used in these wards.

Construction of a number of Cemeteries in and around Komani will start with Environmental Impact Assessment in 2019/20 with a budget of R4.6 million with additional allocations of R4.0 million in 2020/21 and R5.087 million to complete the projects in 2021/22 financial year.

The multi – purpose hall in Whittlesea ward 26 which was started in 2017/18 financial year has been allocated an amount of R6.27 million in 2019/20 with a further R2.9 million in 2020/21 to complete the hall.

The rest of the MIG funded projects that fall in the outer years of the MTREF are shown in the attached schedule of MIG projects,

The Integrated National Electrification Programme has an allocation of R7.488 million in the 2019/20 that will be allocated to projects as indicated in the attached table (page 25) below.

Details of these projects and how they are linked to the IDP goals are provided in this Budget document.

Elimination of the Budget Deficit over the MTREF

Over the past few years the Municipality has been working to reform its financial position and to generate sufficient revenue that will meet its operating expenditure and to have sufficient funds to cash backed its provisions.

The municipality is confronted with cash shortages when it comes to meeting its month end obligations. This is evidenced by the growing number of service providers that the municipality owes. The municipality, with the help of COGTA have now developed a Financial Recovery Plan to turn this situation around. This plan has been presented to council with implementation to continue in the 2019/20 financial year. It is envisaged that the municipality's liquidity position will improve with the implementation of this plan leading to the elimination of the deficit budget at the end of the 2019/20 – 2021/22 MTREF.

The implementation of the "electricity smart - meter project" has started in the 2018/19 financial year with full implementation in 2019/20.

Until the municipality increases its Revenue base and has accumulated reserves such as increase investment account, reduce its payables on monthly bases, our budget will remain largely unfunded.

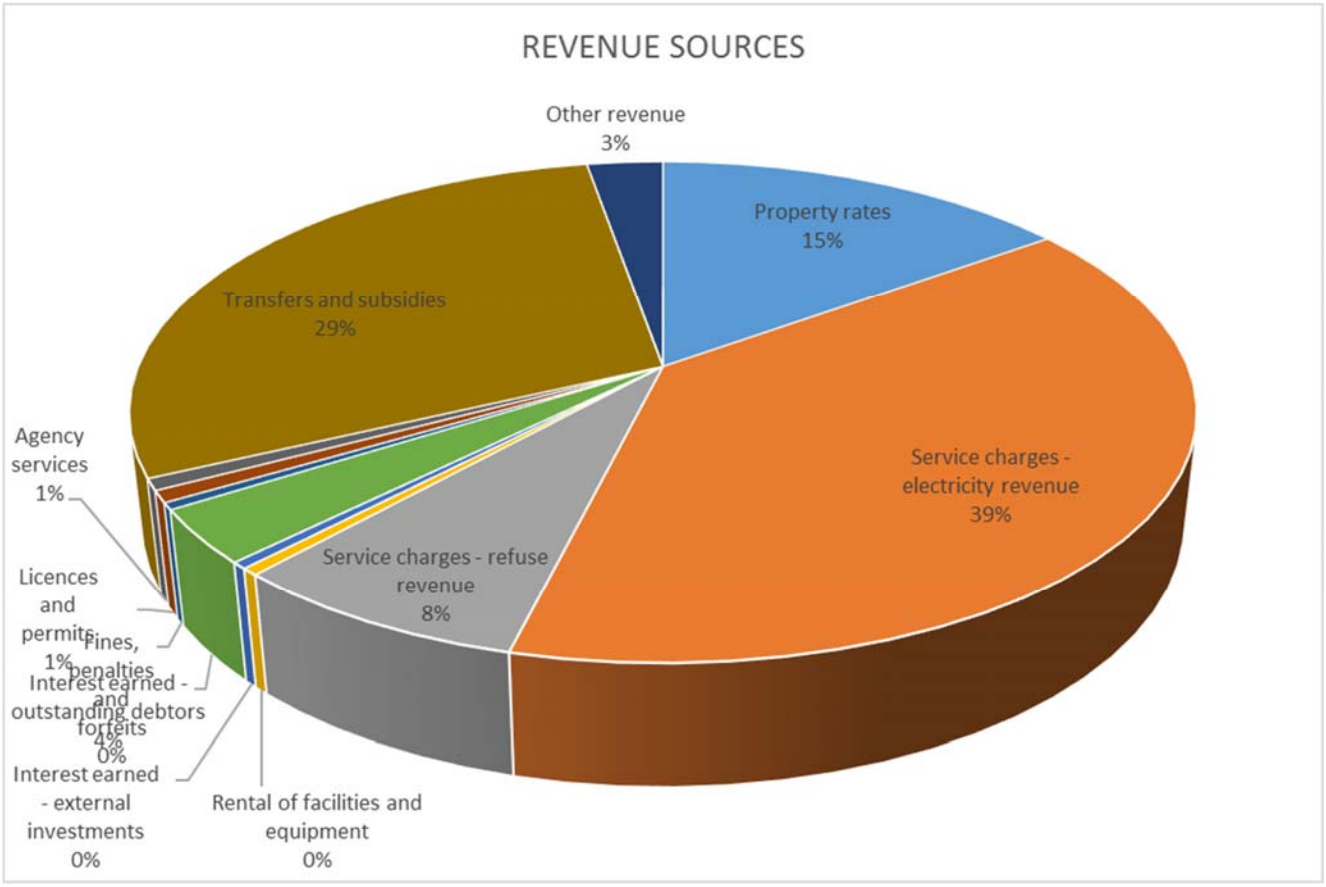
To be credible the budget must be consistent with the IDP and be achievable in terms of service delivery and performance targets. Credible budgets have realistic revenue and expenditure projections and the implementation of it improves the financial viability of the municipality. The municipality planned to achieve this in the next 3 years.

The tables and charts in the next few pages show the percentage make - up of the revenue and expenditures for the 2019/20 Enoch Mgijima Local Municipality Budget

Summary of budgeted Revenues 2019/20

REVENUE BUDGET	
REVENUE SOURCES	BUDGET
Property rates	101 170
Service charges - electricity revenue	260 745
Service charges - refuse revenue	52 619
Rental of facilities and equipment	3 071
Interest earned - external investments	2 856
Interest earned - outstanding debtors	23 306
Fines, penalties and forfeits	2 986
Licences and permits	5 062
Agency services	4 981
Transfers and Subsidies	196 556
Other revenue	18 402
TOTAL	671 754

HOW THE REVENUE BUDGET OF R671.8 MILLION IS MADE UP OF


REVENUE SOURCES
Other revenue 3%
Property rates 15%
Service charges - electricity revenue 39%
Service charges - refuse revenue 8%
Rental of facilities and equipment 0%
Interest earned - external investments 0%
Interest earned - outstanding debtors 0%
Fines, penalties and forfeits 4%
Licences and permits 1%
Agency services 1%
Transfers and subsidies 29%

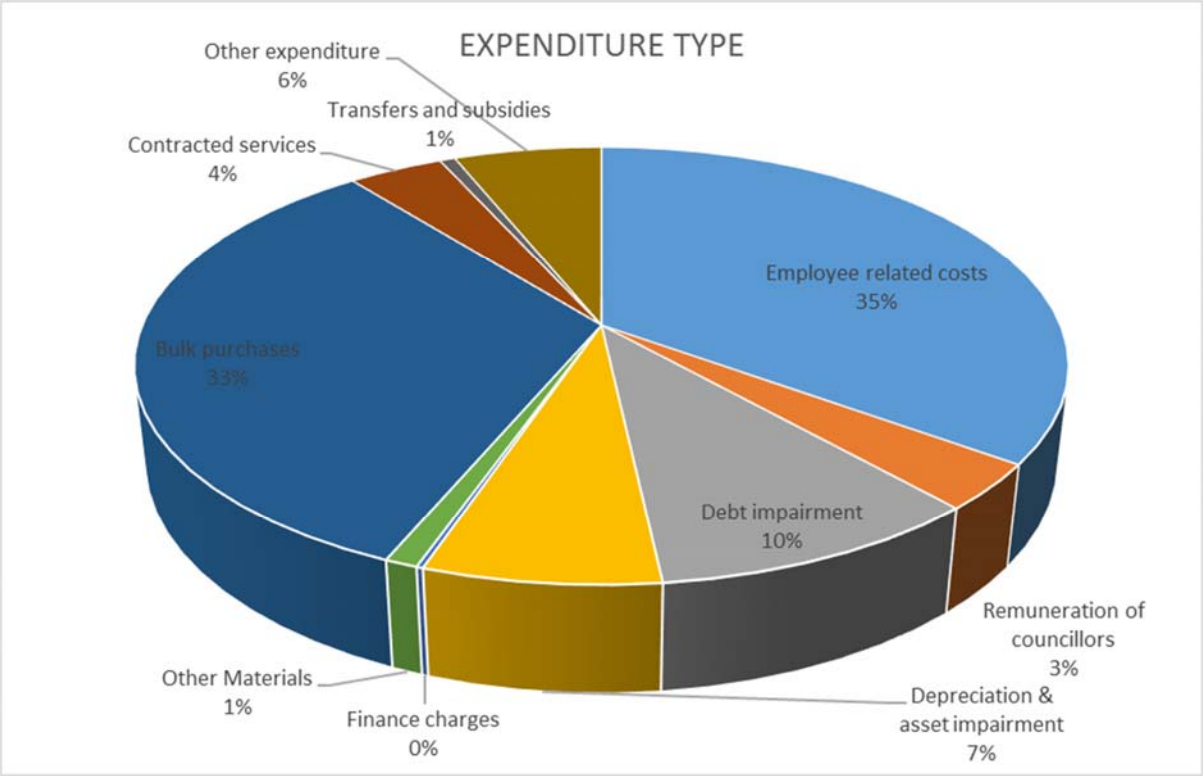
Operating and Capital Revenue source funding 2019/20

Operating Budget Revenue Sources (R'000)	Budget	Capital Budget Revenue Sources (R'000)	Budget
Property rates	101 170	Municipal Improvement Grant	51 406
Service charges - electricity revenue	260 745	Integrated National Electrification Grant	7 448
Service charges - refuse revenue	52 619	Own funds	1 200
Rental of facilities and equipment	3 071		
Interest earned - external investments	2 856		
Interest earned - outstanding debtors	23 306		
Fines, penalties and forfeits	2 986		
Licences and permits	5 062		
Agency services	4 981		
Transfers and Subsidies	196 556		
Other revenue	18 402		
TOTAL	671 754		60 054

SUMMARY OF OPERATING EXPENDITURE

EXPENDITURE BUDGET	
EXPENDITURE TYPE	BUDGET
Employee related costs	269 409
Remuneration of councillors	26 277
Debt impairment	75 753
Depreciation & asset impairment	53 326
Finance charges	1 500
Other Materials	7 453
Bulk purchases	253 817
Contracted services	30 195
Transfers and subsidies	4 911
Other expenditure	46 989
TOTAL	769 630

HOW THE TOTAL OPERATING EXPENDITURE BUDGET OF R769.6 IS ALLOCATED

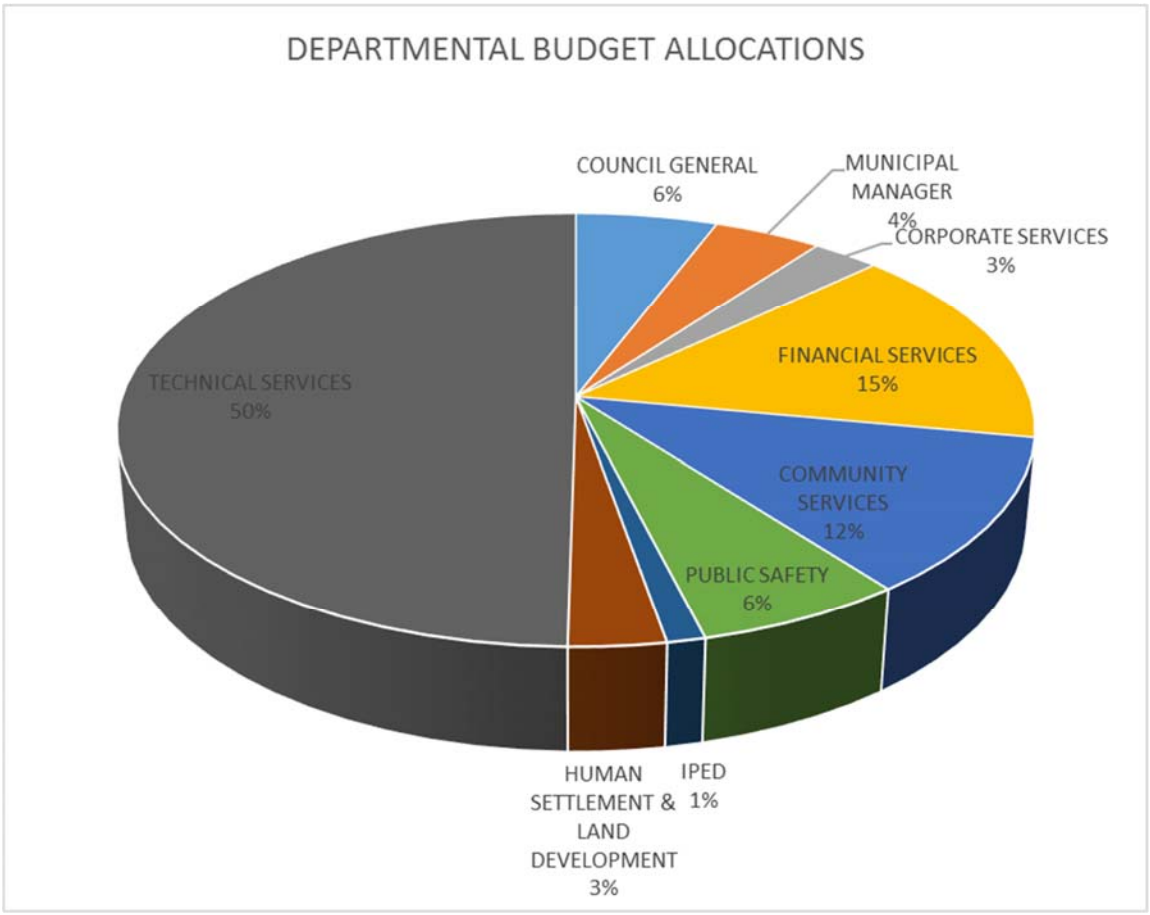

EXPENDITURE TYPE
Other expenditure
6%
Transfers and subsidies
1%
Contracted services
4%
Employee related costs
35%
Bulk purchases
33%
Debt impairment
10%
Remuneration of
councillors
3%
Depreciation &
asset impairment
7%
Other Materials
1%
Finance charges
0%

Operating and Capital Budget allocations

Operating Budget Expenses (R'000)	Budget	Capital Budget Expenses (R'000)	Budget
Employee related costs	269 409	Qwabi Bridge over Kuzitungu River	4 800
Remuneration of councillors	26 277	Upgrading and Beautification of Hexagon Area	3 000
Debt impairment	75 753	Upgrade, repairs and maintenece of gravel Roads	4 500
Depreciation & asset impairment	53 326	Fencing , Signage, Construction of Guard House , Ablution Blocks, digging of trenches for Molteno, Takarstad and Ezibeleni Landfill Sites	6 000
Finance charges	1 500	Paving of Whittlesea Acess Roads and surrounding Areas	5 000
Other Materials	7 453	EMLM Community Lighting: Phase 4	3 000
Bulk purchases	253 817	EIAfor Cemeteries in Komani and surounding Areas	4 640
Contracted services	30 195	Braakloof shearing sheds - ward 19	1 150
Transfers and subsidies	4 911	Paving of Komani Acess Roads and surrounding Areas	4 100
Other expenditure	46 989	LesseytonSportsfield	4 766
		Mc Bride Sportsfield	4 180
		Construction of Community Hall Ward 26	6 270
		INEP Projects	7 448
		Small Capital & Office Equipment	1 200
TOTAL	769 630		60 054

DEPARTMENTAL BUDGET ALLOCATIONS – 2019/20

DEPARTMENTAL BUDGET 2019/20	
DEPARTMENTS	BUDGET
COUNCIL GENERAL	44 394 844
MUNICIPAL MANAGER	33 839 929
CORPORATE SERVICES	21 145 434
FINANCIAL SERVICES	116 109 316
COMMUNITY SERVICES	89 817 130
PUBLIC SAFETY	49 407 447
IPED	9 064 498
HUMAN SETTLEMENT & LAND DEVELOPMENT	22 936 923
TECHNICAL SERVICES	382 914 635
TOTAL	769 630 156


DEPARTMENTAL BUDGET ALLOCATIONS
COUNCIL GENERAL 6%
MUNICIPAL MANAGER 4%
CORPORATE SERVICES 3%
FINANCIAL SERVICES 15%
COMMUNITY SERVICES 12%
PUBLIC SAFETY 6%
IPED 1%
HUMAN SETTLEMENT & LAND DEVELOPMENT 3%
TECHNICAL SERVICES 50%

OPERATING PROJECTS

FINANCIAL MANAGEMENT GRANT 2019/20

ENOCH MGIJIMA LOCAL MUNICIPALITY					
MTREF OPERATING BUDGET FOR 2019/20					
DIRECTORATE	**KPA**	**OBJECTIVE**	**PROJECT**	**FUNDING SOURCE**	**2019/20**
Budget and Treasury	Institutional Arrangement and Organisational Transformation	To develop an institutional capacity for the benefit of Municipal Councillors and Employees of Lukhanji that promote sound efficient workforce by June 2020	Salaries and Allowances	FMG	862 000
Budget and Treasury	Good Governance and Public Participation	Improve internal controls for clean administration purposes by continuous implementation of policies and legislation by June 2020	Improve Audit Outcome	FMG	1 038 000
Budget and Treasury	Good Governance and Public Participation	Improve internal controls for clean administration purposes by continuous implementation of policies and legislation by June 2020	General Valuation Roll	FMG	1 200 000
Executive Offices	Good Governance and Public Participation	To develop an institutional capacity for the benefit of Municipal Councillors and Employees of Lukhanji that promote sound efficient workforce by June 2020	Training of Interns	FMG	900 000
TOTAL					**4 000 000**

OWN FUNDED OPERATING PROJECTS

ENOCH MGIJIMA LOCAL MUNICIPALITY					
MTREF OPERATING BUDGET FOR 2019/2020					
DIRECTORATE	**KPA**	**OBJECTIVE**	**PROJECT**	**FUNDING SOURCE**	**2019/20**
Budget and Treasury	Good Governance and Public Participation	Improve internal controls for clean administration purposes by continuous implementation of policies and legislation by June 2020	Improve 209/20 Audit outcome	OWN	3 400 000
Budget and Treasury	Financial Viability	To increase municipal revenue by 20% by ensuring full implementation of revenue strategy by June 2020	Improve indigent system /Indigent Registration	OWN	720 000
Human Settlement	Basic Services and Infrastructure Development	To provide sustainable human settlement by June 2010	Whittlesea Town Planning SDF	OWN	500 000
IPED	Local Economic Development	To promote and facilitate economic development through policy and sector development in Lukhanji by June 2020	IDP Projects	OWN	500 000
Office of the MM	Good Governance and Public Participation	To develop an effective and efficient communication systems that seeks to maximise public participation through involvements of key stakeholders including traditional leaders and designated groups by June 2020	1.Newsletter and Other Communication Programmes	OWN	300 000
Office of the MM	Good Governance and Public Participation	To develop programmes recognising designated groups by June 2020	Mayors Cup	OWN	100 000
Office of the MM	Institutional Arrangement and Organisational Transformation	To encourage wellness of employees by June 2020	SALGA Games	OWN	200 000
Office of the MM	Institutional Arrangement and Organisational Transformation	To encourage wellness of employees by June 2020	Support Programmes for Wellness	OWN	200 000
Office of the MM	Good Governance and Public Participation	Improve internal controls for clean administration purposes by continuous implementation of policies and legislation by June 2020	Functioning of Audit Committee	OWN	430 000
Office of the MM	Good Governance and Public Participation	To ensure that performance management system is functional by June 2020	SPU Programmes	OWN	396 090
Public Safety	Basic Services and Infrastructure Development	To provide a consolidated project management on infrastructure development within the institution by June 2020	Rehabilitation of Fire services	OWN	509 940
TOTAL					**7 606 030**

CAPITAL PROJECTS

ENOCH MGIJIMA LOCAL MUNICIPALITY MIG MTEF: FY 2019/120 - 2021/22						
NO.	PROJECT NAME	MIG CATEGORY (B,P or E)	WARD	FY 19/20	FY 20/21	FY 21/22
1	Construction of McBride sports field	P	19	R 4 180 000.00	R 6 600 000.00	R 4 000 000.00
2	Planning: EIA for Cemeteries in Komani and Surrounding Areas	P	4,5,6,7,8	R 4 640 000.00	R 4 000 000.00	R 5 087 200.00
3	Paving of Komani Access Roads and Surrounding Areas	B	4,5,6,7,8,9,10,11, 12,13,14,15,16,17	R 4 100 000.00	R 6 122 200.00	R 10 200 000.00
4	Qwabi Bridge over Kuziungu River Phase 2	B	19	R 4 800 000.00	R 5 000 000.00	R 0.00
5	Multi - Purpose Hall in Whitlesea, Ward 26.	P	26	R 6 270 000.00	R 2 900 000.00	R 0.00
6	Braakkoof Shearing Shed	E	19	R 1 150 000.00	R 0.00	R 0.00
7	Construction of Lesseyton Spotfield	P	18	R 4 766 400.00	R 5 100 000.00	R 6 500 000.00
8	EMLM Community Lighting, phase 4	P	All	R 3 000 000.00	R 5 500 000.00	R 0.00
9	EMLM upgrade, rehabilitation, repairs and maintenance of gravel roads in Komani, Whittlesea, Sterkstroom, Molteno and their surrounding areas (Upgrading of Lukhanji Gravel Roads and Storm-water, Phase 2)	B	All	R 4 500 000.00	R 6 500 000.00	R 7 300 000.00
10	Paving of Whittlesea Access Roads and Surrounding Areas	B	20,21,22,23,24,25 ,26,	R 5 000 000.00	R 5 000 000.00	R 5 500 000.00
11	Fencing, Signage, Construction of Guard House, Ablution Blocks, Weigh Bridge and Digging of New Cells/Trenches for Molteno, Takarstad and Ezibeleni Landfill Sites	P	8	R 6 000 000.00	R 4 500 000.00	R 4 500 000.00
12	Upgrading and Beautification of Hexagon area in Komani	P	9, 10	R 3 000 000.00	R 3 000 000.00	R 0.00
13	Establishment of Enoch Mgijima Solid Waste Regional Landfill Site	P	All	R 0.00	R 0.00	R 1 000 000.00
14	Upgrading of Whittlesea Solid Waste Transfer Station	P	26	R 0.00	R 0.00	R 1 000 000.00
15	Construction of Hofmeyer Solid Waste Transfer Station	P	34	R 0.00	R 0.00	R 1 000 000.00
16	Closure and Rehabilitation of Hofmeyer, Ezibeleni and Whittlesea Landfill Sites	P	34,6,7,8,26	R 0.00	R 0.00	R 1 000 000.00
17	Rehabilitation of used cells/trenches for Ezibeleni Landfill Site.	P	6,7,8	R 0.00	R 0.00	R 2 486 750.00
18	Rehabilitation of Mlungisi Stadium in Komani	P	16	R 0.00	R 0.00	R 3 000 000.00
19	Rehabilitation of Dongwe Stadium in Komani	P	26	R 0.00	R 0.00	R 3 000 000.00
20	Upgrade of Berry Dam picnic area in Komani	P	10	R 0.00	R 0.00	R 1 200 000.00
22	Refurbishment of Whittlesea pound	P	26,23	R 0.00	R 0.00	R 1 500 000.00
23	PMU ADMIN (Operational Fees)	N/A	N/A	R 2 705 600.00	R 2 853 800.00	R 3 067 050.00
TOTAL =				R 54 112 000.00	R 57 076 000.00	R 61 341 000.00

INTEGRATED NATIONAL ELECTRIFICATION PROGRAMME PROJECTS 2019/20

INTEGRATED NATIONAL ELECTRIFICATION PROGRAMME GRANT PROJECTS			
Project List	**2019/20**	2020/21	2021/22
1. Central Substation 11kv underground cable upgrade	1 923 100.00		
2. Electrification of Airstrip Housing Development phase 3.	3 272 400.00		
3. Nomzamo T-switch and Central T-switch refurbishment.	2 252 500.00		
1. Sterkstroom Substation Refurbishment		5 800 000.00	
2. Refurbishment of Ezibeleni MV&LV lines Pole Mounted transformer zone 2 & 3		3 500 000.00	
3. Upgrade of overhead reticulation MV&LV transformers in Newvale		3 500 000.00	
1. Upgrade reticulation - Unathi Mkefa Housing Development			8 000 000.00
2. Procurement of 1 x 5MVA transformer in Ezibeleni 22Kv Substation			7 000 000.00
3. 11kv supply from Mlungisi 66kv to New Nomzamo Extention			5 256 000.00
TOTALS	**7 448 000.00**	**12 800 000.00**	**20 256 000.00**

5 Annual Budget Tables (Operating & Capital)

These budget schedules are to be approved by resolution of Council and are contained in the following pages:

5.1 - Table A1 - Budget Summary

5.2 - Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

5.3 - Table A3 - Budgeted Financial Performance (revenue and Expenditure by municipal vote)

5.4 - Table A4 - Budgeted Financial Performance (revenue and Expenditure)

5.5 - Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding

5.6 - Table A6 - Budgeted Financial Position

5.7 - Table A7 - Budgeted Cash Flows

5.8 - Table A8 - Cash Backed reserves/accumulated surplus Reconciliation

5.9 - Table A9 - Asset management

5.10 - Table A10 - Basic Service Delivery

EC139 Enoch Mgijima - Table A1 Budget Summary

Description	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
R thousands	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Financial Performance										
Property rates	–	88 200	98 091	105 875	96 540	96 540	94 230	101 170	109 431	114 903
Service charges	–	245 446	236 301	286 473	275 385	275 385	230 563	313 364	325 105	341 404
Investment revenue	–	4 575	3 718	7 026	2 007	2 007	939	2 856	2 976	3 106
Transfers recognised - operational	–	169 784	189 457	180 369	184 086	184 086	176 536	196 385	202 090	214 578
Other own revenue	–	36 586	98 637	84 221	59 459	59 459	71 867	57 980	60 032	63 246
Total Revenue (excluding capital transfers and contributions)	–	544 591	626 204	663 964	617 477	617 477	574 135	671 754	699 634	737 236
Employee costs	–	238 093	250 147	256 851	273 257	273 257	219 920	269 409	273 227	289 748
Remuneration of councillors	–	25 117	24 898	28 503	26 277	26 277	19 575	26 277	27 209	28 355
Depreciation & asset impairment	–	48 587	50 786	27 995	37 346	37 346	–	53 326	54 015	55 392
Finance charges	–	3 191	9 355	154	1 500	1 500	1 022	1 500	1 500	1 500
Materials and bulk purchases	–	203 078	215 756	278 602	155 411	155 411	214 066	261 272	275 391	285 064
Transfers and grants	–	22 380	–	159	159	159	–	4 911	5 176	5 440
Other expenditure	–	172 174	190 555	124 746	122 027	122 027	72 921	152 935	160 846	165 103
Total Expenditure	–	712 621	741 498	717 010	615 977	615 977	527 504	769 630	797 363	830 601
Surplus/(Deficit)	–	(168 030)	(115 294)	(53 046)	1 500	1 500	46 631	(97 877)	(97 730)	(93 364)
Transfers and subsidies - capital (monetary allocatio	–	33 278	86 783	–	61 881	61 881	18 947	58 854	67 022	78 530
Contributions recognised - capital & contributed asse	–	–	–	–	–	–	54	–	–	–
Surplus/(Deficit) after capital transfers & contributions	–	(134 753)	(28 511)	(53 046)	63 381	63 381	65 632	(39 022)	(30 707)	(14 834)
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) for the year	–	(134 753)	(28 511)	(53 046)	63 381	63 381	65 632	(39 022)	(30 707)	(14 834)
Capital expenditure & funds sources										
Capital expenditure	–	68 107	82 898	61 196	24 227	24 227	31 643	60 054	68 722	80 430
Transfers recognised - capital	–	57 398	45 206	56 496	22 727	22 727	29 810	58 854	67 022	78 530
Borrowing	–	–	–	–	–	–	–	–	–	–
Internally generated funds	–	10 708	37 692	4 700	1 500	1 500	1 833	1 200	1 700	1 900
Total sources of capital funds	–	68 107	82 898	61 196	24 227	24 227	31 643	60 054	68 722	80 430
Financial position										
Total current assets	–	137 234	99 227	561 903	115 674	115 674	349 394	90 824	128 001	100 959
Total non current assets	–	1 460 019	1 477 201	1 894 451	1 469 849	1 469 849	1 783 203	1 526 225	1 554 286	1 627 268
Total current liabilities	–	136 152	194 665	163 671	236 656	236 656	410 021	227 220	233 703	237 834
Total non current liabilities	–	111 275	60 449	22 111	63 463	63 463	20 775	65 312	66 286	66 617
Community wealth/Equity	–	1 349 825	1 321 314	2 270 572	1 285 404	1 285 404	1 701 802	1 324 517	1 382 298	1 423 777
Cash flows										
Net cash from (used) operating	–	1 700	(2 681)	(18 566)	63 701	63 701	12 227	60 143	68 756	80 534
Net cash from (used) investing	–	(67 992)	(47 523)	(56 550)	(63 381)	(63 381)	(16 886)	(60 054)	(68 722)	(80 430)
Net cash from (used) financing	–	–	–	–	–	–	–	–	–	–
Cash/cash equivalents at the year end	–	50 974	(42 978)	133 037	5 971	5 971	20 178	994	1 028	1 131
Cash backing/surplus reconciliation										
Cash and investments available	–	50 789	585	133 037	5 971	5 971	6 585	994	17 969	18 190
Application of cash and investments	–	18 568	85 561	(279 967)	106 422	106 422	181 642	138 709	125 380	149 154
Balance - surplus (shortfall)	–	32 221	(84 976)	413 004	(100 451)	(100 451)	(175 057)	(137 715)	(107 411)	(130 964)
Asset management										
Asset register summary (WDV)	–	1 459 672	1 407 871	1 894 451	1 496 284	1 496 284	1 496 284	1 526 225	1 554 286	1 627 268
Depreciation	–	(49 406)	(47 842)	27 995	37 346	37 346	37 346	53 326	54 015	55 392
Renewal and Upgrading of Existing Assets	–	–	12 336	35 696	63 028	63 028	63 028	36 488	47 922	49 543
Repairs and Maintenance	–	–	9 436	29 157	54 743	54 743	54 743	21 159	21 608	22 416
Free services										
Cost of Free Basic Services provided	–	–	–	–	522	522	32 279	32 279	34 124	36 156
Revenue cost of free services provided	–	4 023	4 123	4 224	4 224	4 224	14 702	14 702	15 437	15 975
Households below minimum service level										
Water:	–	–	–	–	–	–	–	–	–	–
Sanitation/sewerage:	–	–	–	–	–	–	–	–	–	–
Energy:	–	–	–	–	25	25	25	25	26	26
Refuse:	–	–	–	–	8	8	8	8	8	8

EC139 Enoch Mgijima - Table A2 Budgeted Financial Performance (revenue and expenditure by functional classification)

Functional Classification Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Revenue - Functional										
Governance and administration		–	230 667	446 358	305 678	274 417	274 417	281 971	286 903	295 039
Executive and council		–	97 192	57 184	121 697	121 881	121 881	134 050	129 628	129 628
Finance and administration		–	133 475	389 174	183 981	152 536	152 536	147 921	157 275	165 411
Internal audit		–	–	–	–	–	–	–	–	–
Community and public safety		–	18 048	17 027	6 916	32 045	32 045	46 910	46 304	50 839
Community and social services		–	7 327	6 598	6 745	18 925	18 925	18 046	13 401	11 589
Sport and recreation		–	98	75	170	13 109	13 109	11 992	14 745	17 745
Public safety		–	10 624	10 354	1	11	11	16 872	18 158	21 505
Housing		–	–	–	–	–	–	–	–	–
Health		–	–	–	–	–	–	–	–	–
Economic and environmental services		–	36 915	13	12 647	17 860	17 860	19 605	22 697	23 075
Planning and development		–	7 359	–	–	1 716	1 716	1 150	–	–
Road transport		–	29 557	13	12 582	16 099	16 099	18 409	22 631	23 009
Environmental protection		–	–	–	66	45	45	45	66	66
Trading services		–	292 233	249 582	338 720	355 031	355 031	382 120	410 749	446 811
Energy sources		–	224 900	194 489	270 259	272 094	272 094	301 718	330 094	357 076
Water management		–	–	–	–	–	–	–	–	–
Waste water management		–	–	–	39	25 140	25 140	–	–	–
Waste management		–	67 333	55 094	68 422	57 797	57 797	80 402	80 655	89 734
Other	4	–	5	6	3	3	3	3	3	3
Total Revenue - Functional	2	–	577 869	712 986	663 964	679 358	679 358	730 608	766 656	815 766
Expenditure - Functional										
Governance and administration		–	260 675	342 471	217 598	247 149	247 149	270 710	281 826	289 369
Executive and council		–	119 849	75 072	75 845	79 744	79 744	78 235	79 118	82 033
Finance and administration		–	140 826	267 399	141 753	167 405	167 405	192 476	202 709	207 336
Internal audit		–	–	–	–	–	–	–	–	–
Community and public safety		–	104 105	60 623	37 926	42 100	42 100	69 371	71 897	76 228
Community and social services		–	11 567	14 152	15 770	17 525	17 525	14 939	15 814	16 737
Sport and recreation		–	14 534	15 596	17 559	17 128	17 128	18 745	18 970	20 187
Public safety		–	78 004	30 875	4 596	7 447	7 447	35 687	37 113	39 305
Housing		–	–	–	–	–	–	–	–	–
Health		–	–	–	–	–	–	–	–	–
Economic and environmental services		–	51 519	49 692	56 103	50 009	50 009	72 436	66 607	70 923
Planning and development		–	19 237	42 229	8 910	7 658	7 658	9 064	9 014	9 490
Road transport		–	32 282	7 463	45 774	41 199	41 199	62 221	56 469	60 237
Environmental protection		–	–	–	1 418	1 151	1 151	1 150	1 124	1 196
Trading services		–	296 199	288 732	405 202	276 579	276 579	356 955	376 876	393 912
Energy sources		–	242 704	248 837	323 945	199 967	199 967	304 014	320 167	333 498
Water management		–	–	–	–	–	–	–	–	–
Waste water management		–	–	–	30 506	29 526	29 526	–	–	–
Waste management		–	53 496	39 894	50 750	47 086	47 086	52 940	56 709	60 414
Other	4	–	123	(19)	182	139	139	159	157	167
Total Expenditure - Functional	3	–	712 621	741 498	717 010	615 977	615 977	769 630	797 363	830 601
Surplus/(Deficit) for the year		–	(134 753)	(28 512)	(53 046)	63 381	63 381	(39 022)	(30 707)	(14 834)

EC139 Enoch Mgijima - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Revenue by Vote	1									
Vote 01 - Municipal Manager		–	–	–	4 253	4 253	4 253	4 422	–	–
Vote 02 - Administration & Human Resources		–	12 152	58 304	–	–	–	–	–	–
Vote 03 - Budget & Treasury		–	121 323	330 871	181 254	148 052	148 052	141 568	150 712	158 273
Vote 04 - Council Administration		–	97 192	57 184	117 444	117 628	117 628	129 628	129 628	129 628
Vote 05 - Community Services		–	7 425	6 673	74 989	78 645	78 645	103 967	105 720	118 886
Vote 06 - Technical Services		–	321 794	249 602	270 696	320 991	320 991	323 492	356 238	383 812
Vote 07 - Control Room Services		–	10 624	10 354	12 754	11	11	17 043	18 340	21 700
Vote 08 - Iped		–	7 359	–	–	1 716	1 716	1 150	–	–
Vote 09 - Human Settlements		–	–	–	2 575	8 062	8 062	9 339	6 019	3 469
Vote 10 - Vote 10		–	–	–	–	–	–	–	–	–
Vote 11 - Vote 11		–	–	–	–	–	–	–	–	–
Vote 12 - Vote 12		–	–	–	–	–	–	–	–	–
Vote 13 - Vote 13		–	–	–	–	–	–	–	–	–
Vote 14 - Vote 14		–	–	–	–	–	–	–	–	–
Vote 15 - Other		–	–	–	–	–	–	–	–	–
Total Revenue by Vote	2	–	577 869	712 987	663 964	679 358	679 358	730 608	766 656	815 766
Expenditure by Vote *to be appropriated*	1									
Vote 01 - Municipal Manager		–	–	–	31 370	33 656	33 656	33 840	36 553	38 230
Vote 02 - Administration & Human Resources		–	41 971	82 089	21 155	22 880	22 880	21 145	22 353	23 579
Vote 03 - Budget & Treasury		–	98 855	185 310	63 100	87 387	87 387	113 049	119 516	121 979
Vote 04 - Council Administration		–	119 849	75 072	44 475	46 269	46 269	44 395	42 565	43 803
Vote 05 - Community Services		–	26 101	29 748	88 850	83 893	83 893	89 817	94 448	100 503
Vote 06 - Technical Services		–	328 604	296 176	382 382	257 750	257 750	385 975	396 720	414 986
Vote 07 - Control Room Services		–	78 004	30 875	53 007	52 857	52 857	49 407	51 581	54 449
Vote 08 - Iped		–	19 237	42 229	8 910	7 658	7 658	9 064	9 014	9 490
Vote 09 - Human Settlements		–	–	–	23 762	23 627	23 627	22 937	24 615	23 581
Vote 10 - Vote 10		–	–	–	–	–	–	–	–	–
Vote 11 - Vote 11		–	–	–	–	–	–	–	–	–
Vote 12 - Vote 12		–	–	–	–	–	–	–	–	–
Vote 13 - Vote 13		–	–	–	–	–	–	–	–	–
Vote 14 - Vote 14		–	–	–	–	–	–	–	–	–
Vote 15 - Other		–	–	–	–	–	–	–	–	–
Total Expenditure by Vote	2	–	712 621	741 498	717 010	615 977	615 977	769 630	797 363	830 601
Surplus/(Deficit) for the year	2	–	(134 753)	(28 512)	(53 046)	63 381	63 381	(39 022)	(30 707)	(14 834)

EC139 Enoch Mgijima - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Revenue By Source											
Property rates	2	–	88 200	98 091	105 875	96 540	96 540	94 230	101 170	109 431	114 903
Service charges - electricity revenue	2	–	204 654	185 193	241 834	238 319	238 319	185 789	260 745	271 231	285 785
Service charges - water revenue	2	–	–	–	–	–	–	–	–	–	–
Service charges - sanitation revenue	2	–	–	0	–	–	–	–	–	–	–
Service charges - refuse revenue	2	–	40 792	51 107	44 639	37 066	37 066	44 774	52 619	53 874	55 619
Rental of facilities and equipment		–	2 467	2 804	2 749	2 465	2 465	2 457	3 071	3 121	3 471
Interest earned - external investments		–	4 575	3 718	7 026	2 007	2 007	939	2 856	2 976	3 106
Interest earned - outstanding debtors		–	19 788	14 004	25 481	19 145	19 145	31 459	23 307	24 626	25 631
Dividends received											
Fines, penalties and forfeits		–	723	789	3 225	2 602	2 602	1 927	2 986	3 195	3 220
Licences and permits		–	3 220	4 360	4 656	4 646	4 646	3 218	5 062	5 385	5 591
Agency services		–	4 674	4 743	5 212	4 981	4 981	4 163	4 981	5 212	6 212
Transfers and subsidies		–	169 784	189 457	180 369	184 086	184 086	176 536	196 385	202 090	214 578
Other revenue	2	–	5 715	51 703	42 899	25 621	25 621	28 643	18 573	18 493	19 120
Gains on disposal of PPE		–	–	20 234	–	–	–	–	–	–	–
Total Revenue (excluding capital transfers and contributions)		–	544 591	626 204	663 964	617 477	617 477	574 135	671 754	699 634	737 236
Expenditure By Type											
Employee related costs	2	–	238 093	250 147	256 851	273 257	273 257	219 920	269 409	273 227	289 748
Remuneration of councillors		–	25 117	24 898	28 503	26 277	26 277	19 575	26 277	27 209	28 355
Debt impairment	3	–	79 863	59 162	22 496	22 496	22 496	–	75 753	76 556	77 399
Depreciation & asset impairment	2	–	48 587	50 786	27 995	37 346	37 346	–	53 326	54 015	55 392
Finance charges		–	3 191	9 355	154	1 500	1 500	1 022	1 500	1 500	1 500
Bulk purchases	2	–	189 807	211 477	267 213	147 213	147 213	211 532	253 818	267 521	277 162
Other materials	8	–	13 271	4 279	11 389	8 198	8 198	2 534	7 453	7 870	7 902
Contracted services		–	14 410	15 057	40 657	50 895	50 895	33 267	30 195	34 536	36 007
Transfers and subsidies		–	22 380		159	159	159	–	4 911	5 176	5 440
Other expenditure	4, 5	–	69 037	103 003	61 592	48 635	48 635	39 654	46 987	49 753	51 697
Loss on disposal of PPE		–	8 864	13 334	–	–	–	–	–	–	–
Total Expenditure		–	712 621	741 498	717 010	615 977	615 977	527 504	769 630	797 363	830 601
Surplus/(Deficit)		–	(168 030)	(115 294)	(53 046)	1 500	1 500	46 631	(97 877)	(97 730)	(93 364)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		–	33 278	86 783	–	61 881	61 881	18 947	58 854	67 022	78 530
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher	6	–	–	–	–	–	–	54	–	–	–
Transfers and subsidies - capital (in-kind - all)		–	–		–	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions		–	(134 753)	(28 511)	(53 046)	63 381	63 381	65 632	(39 022)	(30 707)	(14 834)
Taxation											
Surplus/(Deficit) after taxation		–	(134 753)	(28 511)	(53 046)	63 381	63 381	65 632	(39 022)	(30 707)	(14 834)
Attributable to minorities											
Surplus/(Deficit) attributable to municipality		–	(134 753)	(28 511)	(53 046)	63 381	63 381	65 632	(39 022)	(30 707)	(14 834)
Share of surplus/ (deficit) of associate	7										
Surplus/(Deficit) for the year		–	(134 753)	(28 511)	(53 046)	63 381	63 381	65 632	(39 022)	(30 707)	(14 834)

Vote Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Capital expenditure - Vote											
Multi-year expenditure *to be appropriated*	2										
Vote 01 - Municipal Manager		–	–	–	–	–	–	–	–	–	–
Vote 02 - Administration & Human Resources		–	–	–	–	–	–	–	–	–	–
Vote 03 - Budget & Treasury		–	10 708	1 353	1 500	1 500	1 500	1 102	1 200	1 700	1 900
Vote 04 - Council Administration		–	–	–	–	–	–	–	–	–	–
Vote 05 - Community Services		–	–	23 435	20 200	21 012	21 012	6 523	22 586	23 200	33 774
Vote 06 - Technical Services		–	57 398	56 711	63 630	60 593	60 593	19 017	28 848	40 922	43 256
Vote 07 - Control Room Services		–	–	–	–	–	–	–	–	–	1 500
Vote 08 - Iped		–	–	1 399	4 600	1 516	1 516	731	1 150	–	–
Vote 09 - Human Settlements		–	–	–	8 800	5 130	5 130	4 270	6 270	2 900	–
Vote 10 - Vote 10		–	–	–	–	–	–	–	–	–	–
Vote 11 - Vote 11		–	–	–	–	–	–	–	–	–	–
Vote 12 - Vote 12		–	–	–	–	–	–	–	–	–	–
Vote 13 - Vote 13		–	–	–	–	–	–	–	–	–	–
Vote 14 - Vote 14		–	–	–	–	–	–	–	–	–	–
Vote 15 - Other		–	–	–	–	–	–	–	–	–	–
Capital multi-year expenditure sub-total	7	–	68 107	82 898	98 730	89 750	89 750	31 643	60 054	68 722	80 430
Single-year expenditure *to be appropriated*	2										
Vote 01 - Municipal Manager		–	–	–	–	–	–	–	–	–	–
Vote 02 - Administration & Human Resources		–	–	–	–	–	–	–	–	–	–
Vote 03 - Budget & Treasury		–	10 708	1 353	–	–	–	–	–	–	–
Vote 04 - Council Administration		–	–	–	–	–	–	–	–	–	–
Vote 05 - Community Services		–	–	23 435	–	–	–	–	–	–	–
Vote 06 - Technical Services		–	57 398	56 711	–	1 904	1 904	–	–	–	–
Vote 07 - Control Room Services		–	–	–	–	–	–	–	–	–	–
Vote 08 - Iped		–	–	1 399	–	–	–	–	–	–	–
Vote 09 - Human Settlements		–	–	–	–	–	–	–	–	–	–
Vote 10 - Vote 10		–	–	–	–	–	–	–	–	–	–
Vote 11 - Vote 11		–	–	–	–	–	–	–	–	–	–
Vote 12 - Vote 12		–	–	–	–	–	–	–	–	–	–
Vote 13 - Vote 13		–	–	–	–	–	–	–	–	–	–
Vote 14 - Vote 14		–	–	–	–	–	–	–	–	–	–
Vote 15 - Other		–	–	–	–	–	–	–	–	–	–
Capital single-year expenditure sub-total		–	68 107	82 898	–	1 904	1 904	–	–	–	–
Total Capital Expenditure - Vote		–	136 214	165 797	98 730	91 654	91 654	31 643	60 054	68 722	80 430
Capital Expenditure - Functional											
Governance and administration		–	10 708	1 353	1 500	1 500	1 500	1 102	1 200	1 700	1 900
Executive and council		–	–	–	–	–	–	–	–	–	–
Finance and administration		–	10 708	1 353	1 500	1 500	1 500	1 102	1 200	1 700	1 900
Internal audit											
Community and public safety		–	–	23 435	20 200	21 012	21 012	10 792	22 856	21 600	24 287
Community and social services		–	–	15 783	9 600	8 022	8 022	4 270	10 910	6 900	5 087
Sport and recreation		–	–	7 652	10 600	12 990	12 990	6 523	11 946	14 700	17 700
Public safety		–	–	–	–	–	–	–	–	–	1 500
Housing											
Health											
Economic and environmental services		–	57 398	58 080	33 334	1 716	1 716	16 747	19 550	22 622	23 000
Planning and development		–	–	1 399	4 600	1 716	1 716	731	1 150	–	–
Road transport		–	57 398	56 680	28 734			16 016	18 400	22 622	23 000
Environmental protection											
Trading services		–	–	31	6 162	–	–	3 002	16 448	22 800	31 243
Energy sources		–	–	31	6 162			3 002	10 448	18 300	20 256
Water management											
Waste water management		–	–		–	–	–	–	–	–	–
Waste management		–	–	–	–	–	–	–	6 000	4 500	10 987
Other											
Total Capital Expenditure - Functional	3	–	68 107	82 898	61 196	24 227	24 227	31 643	60 054	68 722	80 430
Funded by:											
National Government		–	57 398	44 624	56 496	21 397	21 397	29 810	58 854	67 022	78 530
Provincial Government		–	–		–			–	–	–	–
District Municipality		–	–	582		1 331	1 331	–	–	–	–
Other transfers and grants											
Transfers recognised - capital	4	–	57 398	45 206	56 496	22 727	22 727	29 810	58 854	67 022	78 530
Borrowing	6										
Internally generated funds		–	10 708	37 692	4 700	1 500	1 500	1 833	1 200	1 700	1 900
Total Capital Funding	7	–	68 107	82 898	61 196	24 227	24 227	31 643	60 054	68 722	80 430

EC139 Enoch Mgijima - Table A6 Budgeted Financial Position

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
ASSETS											
Current assets											
Cash		–	50 789	38	83 880	2 755	2 755	838	994	3 806	2 328
Call investment deposits	1	–	–	957	49 157	3 216	3 216	5 746	–	14 163	15 862
Consumer debtors	1	–	52 461	54 710	345 077	64 975	64 975	93 574	57 445	76 612	49 425
Other debtors		–	33 984	43 522	83 789	44 729	44 729	248 185	32 385	33 419	33 344
Current portion of long-term receivables		–	–		–	–	–	1 050	–	–	–
Inventory	2	–	–	–	–	–	–	–	–	–	–
Total current assets		–	137 234	99 227	561 903	115 674	115 674	349 394	90 824	128 001	100 959
Non current assets											
Long-term receivables											
Investments		–	–		–	–	–	–	–	–	–
Investment property		–	291 608	291 608	448 054	291 608	291 608	291 608	291 608	294 524	294 524
Investment in Associate											
Property, plant and equipment	3	–	1 160 539	1 179 038	1 445 443	1 172 736	1 172 736	1 485 406	1 227 130	1 251 755	1 324 737
Biological		–	7 238	4 867		5 257	5 257	4 867	6 152	6 672	6 672
Intangible		–	287	236	954	248	248	236	248	248	248
Other non-current assets		–	346	1 453				1 087	1 087	1 087	1 087
Total non current assets		–	1 460 019	1 477 201	1 894 451	1 469 849	1 469 849	1 783 203	1 526 225	1 554 286	1 627 268
TOTAL ASSETS		–	1 597 252	1 576 428	2 456 354	1 585 523	1 585 523	2 132 598	1 617 049	1 682 287	1 728 227
LIABILITIES											
Current liabilities											
Bank overdraft	1			410							
Borrowing	4	–	34 620	–	–	–	–	–	–	–	–
Consumer deposits		–	9 989	10 044	9 801	10 244	10 244	10 132	10 251	10 750	11 000
Trade and other payables	4	–	91 543	152 416	104 165	194 416	194 416	357 652	183 609	188 396	192 218
Provisions		–	–	31 795	49 705	31 995	31 995	42 236	33 360	34 557	34 616
Total current liabilities		–	136 152	194 665	163 671	236 656	236 656	410 021	227 220	233 703	237 834
Non current liabilities											
Borrowing		–	95 981	–	–	–	–	1 544	–	–	–
Provisions		–	15 294	60 449	22 111	63 463	63 463	19 231	65 312	66 286	66 617
Total non current liabilities		–	111 275	60 449	22 111	63 463	63 463	20 775	65 312	66 286	66 617
TOTAL LIABILITIES		–	247 427	255 114	185 782	300 119	300 119	430 796	292 533	299 988	304 450
NET ASSETS	5	–	1 349 825	1 321 314	2 270 572	1 285 404	1 285 404	1 701 802	1 324 517	1 382 298	1 423 777
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)		–	1 349 825	1 321 314	2 270 572	1 285 404	1 285 404	1 701 802	1 324 517	1 382 298	1 423 777
Reserves	4	–	–	–	–	–	–	–	–	–	–
TOTAL COMMUNITY WEALTH/EQUITY	5	–	1 349 825	1 321 314	2 270 572	1 285 404	1 285 404	1 701 802	1 324 517	1 382 298	1 423 777

EC139 Enoch Mgijima - Table A7 Budgeted Cash Flows

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates			63 217	56 600	76 404	60 629	60 629	57 861	61 603	68 215	74 217
Service charges			232 963	223 554	254 208	245 924	245 924	129 496	247 531	271 529	277 426
Other revenue			16 365	789	54 310	39 464	39 464	16 927	36 328	36 881	49 085
Government - operating	1		170 264	189 457	183 021	184 086	184 086	140 751	196 556	202 272	214 773
Government - capital	1		42 807	18 344	59 202	63 202	63 202	22 513	58 854	67 022	78 530
Interest			8 721	17 722	12 507	4 476	4 476	1 990	5 653	7 707	9 465
Dividends									–	–	–
Payments											
Suppliers and employees			(507 066)	(499 792)	(649 550)	(532 421)	(532 421)	(318 339)	(544 723)	(583 203)	(621 286)
Finance charges			(3 191)	(9 355)		(1 500)	(1 500)		(1 500)	(1 500)	(1 500)
Transfers and Grants	1		(22 380)		(8 667)	(159)	(159)	(38 973)	(159)	(167)	(175)
NET CASH FROM/(USED) OPERATING ACTIVITIES		–	1 700	(2 681)	(18 566)	63 701	63 701	12 227	60 143	68 756	80 534
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE				71	1 500						
Decrease (Increase) in non-current debtors											
Decrease (increase) other non-current receivables											
Decrease (increase) in non-current investments				(19)						–	–
Payments											
Capital assets			(67 992)	(47 575)	(58 050)	(63 381)	(63 381)	(16 886)	(60 054)	(68 722)	(80 430)
NET CASH FROM/(USED) INVESTING ACTIVITIES		–	(67 992)	(47 523)	(56 550)	(63 381)	(63 381)	(16 886)	(60 054)	(68 722)	(80 430)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans											
Borrowing long term/refinancing											
Increase (decrease) in consumer deposits											
Payments											
Repayment of borrowing									–	–	–
NET CASH FROM/(USED) FINANCING ACTIVITIES		–	–	–	–	–	–	–	–	–	–
NET INCREASE/ (DECREASE) IN CASH HELD		–	(66 292)	(50 204)	(75 116)	320	320	(4 659)	89	34	104
Cash/cash equivalents at the year begin:	2		117 266	7 226	208 153	5 651	5 651	24 837	905	994	1 028
Cash/cash equivalents at the year end:	2	–	50 974	(42 978)	133 037	5 971	5 971	20 178	994	1 028	1 131

EC139 Enoch Mgijima - Table A8 Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Cash and investments available											
Cash/cash equivalents at the year end	1	-	50 974	(42 978)	133 037	5 971	5 971	20 178	994	1 028	1 131
Other current investments > 90 days		-	(185)	43 563	-	-	-	(13 593)	-	16 941	17 058
Non current assets - Investments	1	-	-	-	-	-	-	-	-	-	-
Cash and investments available:		-	50 789	585	133 037	5 971	5 971	6 585	994	17 969	18 190
Application of cash and investments											
Unspent conditional transfers		-	-	-	4 003	-	-	-	-	-	-
Unspent borrowing		-	-	-	-	-	-		-	-	-
Statutory requirements	2								(12 585)	(12 585)	(12 585)
Other working capital requirements	3	-	18 568	85 561	(283 970)	106 422	106 422	181 642	117 933	104 605	128 379
Other provisions									33 360	33 360	33 360
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5	-	-	-	-	-	-	-	-	-	-
Total Application of cash and investments:		-	18 568	85 561	(279 967)	106 422	106 422	181 642	138 709	125 380	149 154
Surplus(shortfall)		-	32 221	(84 976)	413 004	(100 451)	(100 451)	(175 057)	(137 715)	(107 411)	(130 964)

EC139 Enoch Mgijima - Table A9 Asset Management

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
CAPITAL EXPENDITURE										
Total New Assets	1	–	68 107	75 813	61 196	22 897	22 897	23 951	20 800	30 887
Roads Infrastructure		–	57 398	28 771	28 734	–	–	–	–	–
Storm water Infrastructure		–	–	–	–	–	–	–	–	–
Electrical Infrastructure		–	–	31	6 162	–	–	–	–	–
Water Supply Infrastructure		–	–	–	–	–	–	–	–	–
Sanitation Infrastructure		–	–	–	–	–	–	–	–	–
Solid Waste Infrastructure		–	–	40 141	–	–	–	6 000	4 500	10 987
Rail Infrastructure		–	–	–	–	–	–	–	–	–
Coastal Infrastructure		–	–	–	–	–	–	–	–	–
Information and Communication Infrastructure		–	–	–	–	–	–	–	–	–
Infrastructure		–	*57 398*	*68 943*	*34 896*	–	–	*6 000*	*4 500*	*10 987*
Community Facilities		–	–	1 411	9 600	8 407	8 407	7 805	2 900	–
Sport and Recreation Facilities		–	–	–	10 600	12 990	12 990	8 946	11 700	16 500
Community Assets		–	–	*1 411*	*20 200*	*21 397*	*21 397*	*16 751*	*14 600*	*16 500*
Heritage Assets		–	–	–	–	–	–	–	–	–
Revenue Generating		–	–	–	–	–	–	–	–	–
Non-revenue Generating		–	–	–	–	–	–	–	–	–
Investment properties		–	–	–	–	–	–	–	–	–
Operational Buildings		–	–	4 106	4 600	–	–	–	–	1 500
Housing		–	–	–	–	–	–	–	–	–
Other Assets		–	–	*4 106*	*4 600*	–	–	–	–	*1 500*
Biological or Cultivated Assets		–	–	494	–	–	–	–	–	–
Servitudes		–	69	–	–	–	–	–	–	–
Licences and Rights		–	–	–	–	–	–	–	–	–
Intangible Assets		–	*69*	–	–	–	–	–	–	–
Computer Equipment		–	–	–	–	–	–	–	–	–
Furniture and Office Equipment		–	890	858	1 500	1 500	1 500	–	–	–
Machinery and Equipment		–	–	–	–	–	–	1 200	1 700	1 900
Transport Assets		–	9 750	–	–	–	–	–	–	–
Land		–	–	–	–	–	–	–	–	–
Zoo's, Marine and Non-biological Animals		–	–	–	–	–	–	–	–	–
Total Renewal of Existing Assets	2	–	–	7 085	–	1 331	1 331	–	–	–
Roads Infrastructure		–	–	6 335	–	–	–	–	–	–
Storm water Infrastructure		–	–	–	–	–	–	–	–	–
Electrical Infrastructure		–	–	–	–	–	–	–	–	–
Water Supply Infrastructure		–	–	–	–	–	–	–	–	–
Sanitation Infrastructure		–	–	–	–	–	–	–	–	–
Solid Waste Infrastructure		–	–	750	–	–	–	–	–	–
Rail Infrastructure		–	–	–	–	–	–	–	–	–
Coastal Infrastructure		–	–	–	–	–	–	–	–	–
Information and Communication Infrastructure		–	–	–	–	–	–	–	–	–
Infrastructure		–	–	*7 085*	–	–	–	–	–	–
Community Facilities		–	–	–	–	1 331	1 331	–	–	–
Sport and Recreation Facilities		–	–	–	–	–	–	–	–	–
Community Assets		–	–	–	–	*1 331*	*1 331*	–	–	–
Heritage Assets		–	–	–	–	–	–	–	–	–
Revenue Generating		–	–	–	–	–	–	–	–	–
Non-revenue Generating		–	–	–	–	–	–	–	–	–
Investment properties		–	–	–	–	–	–	–	–	–
Operational Buildings		–	–	–	–	–	–	–	–	–
Housing		–	–	–	–	–	–	–	–	–
Other Assets		–	–	–	–	–	–	–	–	–
Biological or Cultivated Assets		–	–	–	–	–	–	–	–	–
Servitudes		–	–	–	–	–	–	–	–	–
Licences and Rights		–	–	–	–	–	–	–	–	–
Intangible Assets		–	–	–	–	–	–	–	–	–
Computer Equipment		–	–	–	–	–	–	–	–	–
Furniture and Office Equipment		–	–	–	–	–	–	–	–	–
Machinery and Equipment		–	–	–	–	–	–	–	–	–
Transport Assets		–	–	–	–	–	–	–	–	–
Land		–	–	–	–	–	–	–	–	–
Zoo's, Marine and Non-biological Animals		–	–	–	–	–	–	–	–	–

Total Upgrading of Existing Assets	6	–	–	5 251	35 696	61 697	61 697	36 488	47 922	49 543
Roads Infrastructure		–	–	4 139	28 734	50 431	50 431	18 400	22 622	23 000
Storm water Infrastructure		–	–	–	–	–	–	–	–	–
Electrical Infrastructure		–	–	31	6 162	10 162	10 162	10 448	18 300	20 256
Water Supply Infrastructure		–	–	–	–	–	–	–	–	–
Sanitation Infrastructure		–	–	–	–	–	–	–	–	–
Solid Waste Infrastructure		–	–	–	–	–	–	–	–	–
Rail Infrastructure		–	–	–	–	–	–	–	–	–
Coastal Infrastructure		–	–	–	–	–	–	–	–	–
Information and Communication Infrastructure		–	–	–	–	–	–	–	–	–
Infrastructure		–	–	*4 170*	*34 896*	*60 593*	*60 593*	*28 848*	*40 922*	*43 256*
Community Facilities		–	–	1 081	800	1 105	1 105	7 640	7 000	6 287
Sport and Recreation Facilities		–	–	–	–	–	–	–	–	–
Community Assets		–	–	*1 081*	*800*	*1 105*	*1 105*	*7 640*	*7 000*	*6 287*
Heritage Assets		–	–	–	–	–	–	–	–	–
Revenue Generating		–	–	–	–	–	–	–	–	–
Non-revenue Generating		–	–	–	–	–	–	–	–	–
Investment properties		–	–	–	–	–	–	–	–	–
Operational Buildings		–	–	–	–	–	–	–	–	–
Housing		–	–	–	–	–	–	–	–	–
Other Assets		–	–	–	–	–	–	–	–	–
Biological or Cultivated Assets		–	–	–	–	–	–	–	–	–
Servitudes		–	–	–	–	–	–	–	–	–
Licences and Rights		–	–	–	–	–	–	–	–	–
Intangible Assets		–	–	–	–	–	–	–	–	–
Computer Equipment		–	–	–	–	–	–	–	–	–
Furniture and Office Equipment		–	–	–	–	–	–	–	–	–
Machinery and Equipment		–	–	–	–	–	–	–	–	–
Transport Assets		–	–	–	–	–	–	–	–	–
Land		–	–	–	–	–	–	–	–	–
Zoo's, Marine and Non-biological Animals		–	–	–	–	–	–	–	–	–
Total Capital Expenditure	4	–	68 107	88 150	96 892	85 925	85 925	60 439	68 722	80 430
Roads Infrastructure		–	57 398	39 245	57 468	50 431	50 431	18 400	22 622	23 000
Storm water Infrastructure		–	–	–	–	–	–	–	–	–
Electrical Infrastructure		–	–	62	12 324	10 162	10 162	10 448	18 300	20 256
Water Supply Infrastructure		–	–	–	–	–	–	–	–	–
Sanitation Infrastructure		–	–	–	–	–	–	–	–	–
Solid Waste Infrastructure		–	–	40 891	–	–	–	6 000	4 500	10 987
Rail Infrastructure		–	–	–	–	–	–	–	–	–
Coastal Infrastructure		–	–	–	–	–	–	–	–	–
Information and Communication Infrastructure		–	–	–	–	–	–	–	–	–
Infrastructure		–	*57 398*	*80 198*	*69 792*	*60 593*	*60 593*	*34 848*	*45 422*	*54 243*
Community Facilities		–	–	2 492	10 400	10 842	10 842	15 445	9 900	6 287
Sport and Recreation Facilities		–	–	–	10 600	12 990	12 990	8 946	11 700	16 500
Community Assets		–	–	*2 492*	*21 000*	*23 832*	*23 832*	*24 391*	*21 600*	*22 787*
Heritage Assets		–	–	–	–	–	–	–	–	–
Revenue Generating		–	–	–	–	–	–	–	–	–
Non-revenue Generating		–	–	–	–	–	–	–	–	–
Investment properties		–	–	–	–	–	–	–	–	–
Operational Buildings		–	–	4 106	4 600	–	–	–	–	1 500
Housing		–	–	–	–	–	–	–	–	–
Other Assets		–	–	*4 106*	*4 600*	–	–	–	–	*1 500*
Biological or Cultivated Assets		–	–	494	–	–	–	–	–	–
Servitudes		–	69	–	–	–	–	–	–	–
Licences and Rights		–	–	–	–	–	–	–	–	–
Intangible Assets		–	*69*	–	–	–	–	–	–	–
Computer Equipment		–	–	–	–	–	–	–	–	–
Furniture and Office Equipment		–	890	858	1 500	1 500	1 500	–	–	–
Machinery and Equipment		–	–	–	–	–	–	1 200	1 700	1 900
Transport Assets		–	9 750	–	–	–	–	–	–	–
Land		–	–	–	–	–	–	–	–	–
Zoo's, Marine and Non-biological Animals		–	–	–	–	–	–	–	–	–
TOTAL CAPITAL EXPENDITURE - Asset class		–	68 107	88 150	96 892	85 925	85 925	60 439	68 722	80 430

ASSET REGISTER SUMMARY - PPE (WDV)	5	–	1 459 672	1 407 871	1 894 451	1 496 284	1 496 284	1 526 225	1 554 286	1 627 268
Roads Infrastructure		–	1 459 672	489 773	28 734	412 466	412 466	514 558	556 743	599 649
Storm water Infrastructure		–	–	–	–	89 049	89 049	–	–	–
Electrical Infrastructure		–	–	459 135	(460 025)	199 804	199 804	76 424	43 657	11 651
Water Supply Infrastructure										
Sanitation Infrastructure										
Solid Waste Infrastructure		–	–	14 813	–	14 813	14 813	14 813	17 813	19 333
Rail Infrastructure										
Coastal Infrastructure										
Information and Communication Infrastructure										
Infrastructure		–	*1 459 672*	*963 721*	*(431 290)*	*716 131*	*716 131*	*605 795*	*618 214*	*630 634*
Community Assets		–	–	200 143	1 875 233	199 692	199 692	206 792	207 029	209 500
Heritage Assets		–	–	1 087	–	1 087	1 087	1 087	1 087	1 087
Investment properties		–	–	2 115	448 054	291 608	291 608	291 608	294 524	294 524
Other Assets		–	–	61 167	–	62 206	62 206	174 256	174 256	175 756
Biological or Cultivated Assets		–	–	4 867	–	5 257	5 257	6 152	6 672	6 672
Intangible Assets		–	–	236	954	248	248	248	248	248
Computer Equipment		–	–	2 463	–	2 547	2 547	2 553	361	361
Furniture and Office Equipment		–	–	4 598	–	49 723	49 723	49 650	50 512	51 434
Machinery and Equipment		–	–	1 864	1 500	2 175	2 175	2 776	3 626	3 626
Transport Assets		–	–	53 559	–	53 559	53 559	53 599	53 599	53 599
Land		–	–	112 050	–	112 050	112 050	131 709	144 158	199 827
Zoo's, Marine and Non-biological Animals										
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5	–	1 459 672	1 407 871	1 894 451	1 496 284	1 496 284	1 526 225	1 554 286	1 627 268
EXPENDITURE OTHER ITEMS		–	(49 406)	(38 406)	57 152	92 089	92 089	74 485	75 623	77 808
Depreciation	7	–	(49 406)	(47 842)	27 995	37 346	37 346	53 326	54 015	55 392
Repairs and Maintenance by Asset Class	3	–	–	9 436	29 157	54 743	54 743	21 159	21 608	22 416
Roads Infrastructure		–	–	4 279	8 275	25 983	25 983	4 646	4 933	4 954
Storm water Infrastructure		–	–	0	88	53	53	–	–	–
Electrical Infrastructure		–	–	–	7 558	10 310	10 310	4 504	4 729	4 729
Water Supply Infrastructure		–	–	–	–	–	–	–	–	–
Sanitation Infrastructure		–	–	–	–	–	–	–	–	–
Solid Waste Infrastructure		–	–	–	–	–	–	–	–	–
Rail Infrastructure		–	–	–	10	–	–	–	–	–
Coastal Infrastructure		–	–	–	–	–	–	–	–	–
Information and Communication Infrastructure		–	–	–	–	–	–	–	–	–
Infrastructure		–	–	*4 279*	*15 932*	*36 346*	*36 346*	*9 150*	*9 663*	*9 684*
Community Facilities		–	–	–	577	727	727	738	565	565
Sport and Recreation Facilities		–	–	–	–	–	–	–	–	–
Community Assets		–	–	–	*577*	*727*	*727*	*738*	*565*	*565*
Heritage Assets		–	–	–	–	–	–	–	–	–
Revenue Generating		–	–	–	–	–	–	–	–	–
Non-revenue Generating		–	–	–	–	–	–	–	–	–
Investment properties		–	–	–	–	–	–	–	–	–
Operational Buildings		–	–	2 479	5 423	1 978	1 978	3 024	2 661	2 695
Housing		–	–	–	–	–	–	–	–	–
Other Assets		–	–	*2 479*	*5 423*	*1 978*	*1 978*	*3 024*	*2 661*	*2 695*
Biological or Cultivated Assets		–	–	–	–	–	–	–	–	–
Servitudes		–	–	–	–	–	–	–	–	–
Licences and Rights		–	–	–	–	–	–	–	–	–
Intangible Assets		–	–	–	–	–	–	–	–	–
Computer Equipment		–	–	–	–	–	–	–	–	–
Furniture and Office Equipment		–	–	0	1 728	12 557	12 557	3 581	3 760	3 948
Machinery and Equipment		–	–	2 678	5 498	3 134	3 134	4 666	4 959	5 524
Transport Assets		–	–	–	–	–	–	–	–	–
Land		–	–	–	–	–	–	–	–	–
Zoo's, Marine and Non-biological Animals		–	–	–	–	–	–	–	–	–
TOTAL EXPENDITURE OTHER ITEMS		–	(49 406)	(38 406)	57 152	92 089	92 089	74 485	75 623	77 808
Renewal and upgrading of Existing Assets as % of total capex		*0.0%*	*0.0%*	*14.0%*	*36.8%*	*73.4%*	*73.4%*	*60.4%*	*69.7%*	*61.6%*
Renewal and upgrading of Existing Assets as % of deprecn		*0.0%*	*0.0%*	*-25.8%*	*127.5%*	*168.8%*	*168.8%*	*68.4%*	*88.7%*	*89.4%*
R&M as a % of PPE		*0.0%*	*0.0%*	*0.8%*	*2.0%*	*4.7%*	*4.7%*	*1.7%*	*1.7%*	*1.7%*
Renewal and upgrading and R&M as a % of PPE		*0.0%*	*0.0%*	*2.0%*	*3.0%*	*8.0%*	*8.0%*	*4.0%*	*4.0%*	*4.0%*

EC139 Enoch Mgijima - Table A10 Basic service delivery measurement

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Household service targets	1									
Water:										
Piped water inside dwelling		–	–	–	–	–	–	–	–	–
Piped water inside yard (but not in dwelling)		–	–	–	–	–	–	–	–	–
Using public tap (at least min.service level)	2	–	–	–	–	–	–	–	–	–
Other water supply (at least min.service level)	4	–	–	–	–	–	–	–	–	–
Minimum Service Level and Above sub-total		–	–	–	–	–	–	–	–	–
Using public tap (< min.service level)	3	–	–	–	–	–	–	–	–	–
Other water supply (< min.service level)	4	–	–	–	–	–	–	–	–	–
No water supply		–	–	–	–	–	–	–	–	–
Below Minimum Service Level sub-total		–	–	–	–	–	–	–	–	–
Total number of households	5	–	–	–	–	–	–	–	–	–
Sanitation/sewerage:										
Flush toilet (connected to sewerage)		–	–	–	–	–	–	–	–	–
Flush toilet (with septic tank)		–	–	–	–	–	–	–	–	–
Chemical toilet		–	–	–	–	–	–	–	–	–
Pit toilet (ventilated)		–	–	–	–	–	–	–	–	–
Other toilet provisions (> min.service level)		–	–	–	–	–	–	–	–	–
Minimum Service Level and Above sub-total		–	–	–	–	–	–	–	–	–
Bucket toilet		–	–	–	–	–	–	–	–	–
Other toilet provisions (< min.service level)		–	–	–	–	–	–	–	–	–
No toilet provisions		–	–	–	–	–	–	–	–	–
Below Minimum Service Level sub-total		–	–	–	–	–	–	–	–	–
Total number of households	5	–	–	–	–	–	–	–	–	–
Energy:										
Electricity (at least min.service level)		–	–	–	–	58 344	59 222	61 406	61 406	61 406
Electricity - prepaid (min.service level)		–	–	–	–	21 638	23 561	24 267	24 267	24 267
Minimum Service Level and Above sub-total		–	–	–	–	79 982	82 783	85 673	85 673	85 673
Electricity (< min.service level)		–	–	–	–	–	–	–	–	–
Electricity - prepaid (< min. service level)		–	–	–	–	23 561	23 561	24 150	24 150	24 150
Other energy sources		–	–	–	–	1 023	1 023	1 223	1 483	1 854
Below Minimum Service Level sub-total		–	–	–	–	24 584	24 584	25 373	25 633	26 004
Total number of households	5	–	–	–	–	104 566	107 367	111 046	111 306	111 677
Refuse:										
Removed at least once a week		–	–	–	–	28 649	28 649	29 716	29 716	29 716
Minimum Service Level and Above sub-total		–	–	–	–	28 649	28 649	29 716	29 716	29 716
Removed less frequently than once a week		–	–	–	–	–	–	–	–	–
Using communal refuse dump		–	–	–	–	251	262	269	269	269
Using own refuse dump		–	–	–	–	–	–	–	–	–
Other rubbish disposal		–	–	–	–	3 774	3 883	3 982	3 982	3 982
No rubbish disposal		–	–	–	–	3 620	3 620	3 760	3 760	3 760
Below Minimum Service Level sub-total		–	–	–	–	7 645	7 765	8 011	8 011	8 011
Total number of households	5	–	–	–	–	36 294	36 414	37 727	37 727	37 727
Households receiving Free Basic Service	7									
Water (6 kilolitres per household per month)		–	–	–	–	–	–	–	–	–
Sanitation (free minimum level service)		–	–	–	–	–	–	–	–	–
Electricity/other energy (50kwh per household per month)		–	–	–	–	–	–	–	–	–
Refuse (removed at least once a week)		–	–	–	–	–	–	11 799	12 749	13 006
Cost of Free Basic Services provided - Formal Settlements (R'000)	8									
Water (6 kilolitres per indigent household per month)		–	–	–	–	–	–	–	–	–
Sanitation (free sanitation service to indigent households)		–	–	–	–	–	–	–	–	–
Electricity/other energy (50kwh per indigent household per month)		–	–	–	–	–	–	17 280	18 166	19 241
Refuse (removed once a week for indigent households)		–	–	–	–	–	–	14 477	15 201	15 961
Cost of Free Basic Services provided - Informal Formal Settlements (R'000)		–	–	–	–	522	522	522	756	954
Total cost of FBS provided		–	–	–	–	522	522	32 279	34 124	36 156
Highest level of free service provided per household										
Property rates (R value threshold)			3 620 559	3 851 659	4 044 242	4 044 242	4 044 242	4 246 454	4 501 241	4 501 241
Water (kilolitres per household per month)										
Sanitation (kilolitres per household per month)										
Sanitation (Rand per household per month)										
Electricity (kwh per household per month)			50	50	50	50	50	50	50	50
Refuse (average litres per week)			4	4	4	4	4	4	4	4
Revenue cost of subsidised services provided (R'000)	9									
Property rates (tariff adjustment) (impermissable values per section 17 of MPRA)			4 023	4 123	4 224	4 224	4 224	4 435	4 657	4 657
Property rates exemptions, reductions and rebates and impermissable values in excess of section 17 of MPRA)		–	–	–	–	–	–	10 267	10 780	11 318
Water (in excess of 6 kilolitres per indigent household per month)		–	–	–	–	–	–	–	–	–
Sanitation (in excess of free sanitation service to indigent households)		–	–	–	–	–	–	–	–	–
Electricity/other energy (in excess of 50 kwh per indigent household per month)		–	–	–	–	–	–	–	–	–
Refuse (in excess of one removal a week for indigent households)		–	–	–	–	–	–	–	–	–
Municipal Housing - rental rebates										
Housing - top structure subsidies	6									
Other										
Total revenue cost of subsidised services provided		–	4 023	4 123	4 224	4 224	4 224	14 702	15 437	15 975

Supporting Documentation

Section 17(3) of the MFMA requires certain documents must accompany the budget.

Budget Process Overview

The following schedule was adopted by the Council in August 2018 and was followed in the preparation of the 2019/20 medium term budget document. This process plan was followed in conjunction with the IPED directorate who are responsible for the review of the Integrated Development Plan. The intention is to ensure that the budget is aligned to the IDP.

Enoch Mgijima Local Municipality

Approved schedule for the IDP / PMS and Budget REVIEW PROCESS PLAN – 2018 / 2019

The below schedule was approved by Council on the 30th August 2018, for purposes of ensuring compliance with the municipal legislation and alignment between integrated development planning activities and those of budget review process

Adopted IDP/PMS and Budget Review Process Plan 2018/2019

ACTION PLAN FOR ENOCH MGIJIMA

Phase	Activities	Timeframe	Responsible Department	Status
Phase 0	**Preparation phase / Pre-planning**			
	Preparation involves the production of an IDP process plan to ensure proper management of the planning process: • *Establish institutional structures for management of the process* • *Establish structures for public participation* • *Prepare time schedule for planning process* • *Identify roles and responsibilities* • *Discuss how the process will be monitored*			
	• Planning for IDP/Budget/ PMS review process - status of readiness of Enoch Mgijima Local Municipality. Chris Hani District Municipality establishes a	23- 24 July 2018	IDP Section / BTO	

	draft 2019/20 IDP/Budget/PMS Framework Plan. IDP Coordinator and Chief Financial Officer consult and co-ordinate dates thereafter IDP/Budget/ PMS is developed.			
	• Notice in newspaper: call for public participation and for interested parties to register on Stakeholders database	30 July 2018	IDP Section	
	• Signing of agreements within 60 days	31 July 2018	Municipal Manager	
	• IDP Steering committee: To look Draft IDP/ Budget/PMS Process Plan 2019/20	06 August 2018	IDP Section	
	• Present IDP/Budget Process Plan to council	30 August 2018	Municipal	
	• Advertise IDP / Budget/ PMS process plan 2019/20	03 September 2018	MM	
	• Submission of IDP/Budget/ PMS Process Plan to CHDM & Cogta	04 September 2018	MM	
	• IDP/Budget/PMS Rep Forum to present process plan	10 – 14 September 2018	IDP Section/ Public Participation	
	• IGR meeting to present IDP process plan, information gathered from public and to get status quo of the projects implemented by sector departments	18 September 2018	Executive Mayor	
	Baseline Budget to Technical Committee	24th September 2018	BTO	
Phase 1	**Analysis Phase / Monitoring and evaluation**			
	This phase deals with existing situations: • *Assessment of existing level of development* • *Agreeing on Priority issues* • *Updating situational analysis* • *Meeting community stakeholders representatives*			
	• *1st Quarterly reviews*	15 October 2018	Municipal Manager/PMS Section	
	• *MPAC committee 1 Quarter oversight*	17 October 2018	MPAC Unit	
	• IDP / Budget/ PMS Steering Committee to prepare for rep forum	19 October 2018	IPED	
	• IDP Rep Forum to present situational analysis and	22nd October 2018	Executive Mayor	

	priorities to sector departments and communities			
	• CHDM IDP Rep Forum			
Phase 2	**Strategies Phase / Refined objectives, strategies, programmes** **This phase includes the formulation of:** • *The vision* • *The development objectives* • *The development strategies*			**Q**
	• Revenue projections and proposed rates, taxes, tariffs and service charges by BTO	29th October 2018	BTO	
	• Departments (external & internal) to meet to discuss adjustment budget, projects and strategies for next year	12th November 2018	IDP/BTO	
	• IDP/ Budget/ PMS Steering Committee to discuss adjustment budget	15 November 2018	IDP/ BTO	
	• IGR	07November 2018		
	• IDP Rep Forum	20th November 2018	IDP/ BTO	
		28 November 2018		
	• IDP/Budget/PMS technical steering committee to discuss monthly performance progress made	06th December 2018	IDP/ BTO/PMS	
	• Annual report Road shows	10- 14 December 2018	MM	
	• Review of the financial strategy and key economic and financial planning assumptions at the Budget Steering Committee.	19 December 2018	IDP/ BTO	
	• Mid-term reporting(72 Report)	18 January 2019	MM	
	• Tabling and Approval of an Adjustment Budget	24 January 2019	BTO	
	• Municipal strategic session to review strategies with sector departments and other recognized stakeholders.	05-08 February 2019	IDP/MM	
Phase	Activities	Timeframe	Responsible Department	

Phase 3	**Projects Phase**			
	Ensure link of identified projects to priority issues and objectives with clear intended beneficiaries, the location of the project, commencement and end date, responsible person and budget (SDBIP and Strategic Scorecard). Furthermore formulation of targets and indicators to measure performance and imapct of the project.			
	• CFO, CS Manager and TS Manager review national and provincial policies and budget plans, potential price increases of bulk resources (ESKOM & DWA) and / • potential salary increases	11 February 2019	BTO	
	• IDP/Budget/ PMS steering committee for technical input on technical projects, input on budget and cross cutting projects.	14 February 2019	IDP	
	• Budget & Treasury to draft operational expenditure per function/ department on personnel expenditure, general expenditure, repairs and maintenance and contributions to capital and IDP projects	18 February 2019	BTO	
Phase 4	**Integration Phase**			
	Ensure identified projects are in line with the municipality's objectives and strategies, and also with the resource framework and comply with the legal requirements. Harmonise the projects in terms of contents, location and timing in order to arrive at consolidated and integrated programme, e.g. LED programme. **An operation strategy should include:** • *Sector Plans alignement* • *Financial Plan* • *Capital Investment Plan* • *Integrated Spatial Development Framework* • *Integrated sector programmes (LED, HIV, poverty alleviation, gender equity etc)* • *Consolidated performance Management System* • *Disaster Management Plan* • *Climate change plan* • *Institutional plan*			
	Institution wide Strategic Planning session	18- 21/22 February		
	• IDP, Budget and PMS Technical committee – finalization of draft budget and draft IDP and alignment	20 February 2019		
	• IGR	21 February		

	• IDP, Budget and PMS Steering committee	25 February 2019		
	• IDP, PMS and Budget Representative forum	28 February 2019		
Phase 5	**Approval phase**			
	Submit the IDP to the council for consideration and approval: • *Tabling of the draft IDP to council* • *Public comment on the draft* • *Approval of final IDP*			
	• IDP & Budget Steering Committee to finalize service delivery agreements and entities, finalize organogram, finalize proposed national and provincial allocations and review district municipality allocation	11 March 2019	IDP	
	• Mayor tables draft IDP,draft budget, draft resolutions, draft service delivery agreements and draft budget related policies and tariff increases	28 March 2019	MM	
	• Advertise for comments & public participation on draft IDP/Budget budget, service delivery plans, resolutions, service delivery agreements, budget related policies and tariff increases	02 April 2019	IDP	
	• 3RDQuarter reviews	09 -10 April 2019	MM	
	• IDP/Budget Roadshows (Mayoral Imbizos) for comments by communities	15-26 April 2019	MM	
	• IDP/ Budget Steering committee • Finalization of the 2019/20 IDP and 2019/20 MTREF, taking into consideration comments received from the public, comments from National Treasury, and updated information from the most recent Division of Revenue Bill and financial framework.	06 May 2019	IDP/ BTO	
	• IDP Rep Forum	14 May 2019	IDP / BTO	
	• Council approves final IDP & budget with related policies and tariff increases of National and Provincial Treasury	30 May 2019	IDP/ BTO	

	• Submit budget and service delivery plans, resolutions, service delivery agreements,	04 June 2019	IDP/ BTO	
	• Final IDP Submitted to MEC for Local Government	10 June 2019	IDP/ MM	
	• IDP/Budget/ PMS Steering committee (PMS Agreements & SDBIP)	12 June 2019	IDP/MM	
	• Final SDBIP and draft performance agreements of section 56 Managers submitted to Mayor	25 June 2019	MM	
	• SDBIP submitted to Provincial Treasury & MEC for Local Government and AG	02 July 2019	IDP/ BTO	

Political Oversight

Every Municipal Budget is a political document. Although most of the technical preparation of the document is performed by staff, the budget is, in accordance with the MFMA, the Mayor's document. The Mayor and the Mayoral committee were involved with the budget at every step. Their guidance and direction shape the outlook of the budget and what should be contained in it.

In July 2018 the mayor appointed a 'Budget' Steering committee to assist in the political oversight of the budget process. This committee met regularly to review each step of the budget's development. It was this committee that made the major political decisions regarding policies, tariffs and funding issues.

Budget Development Overview

The 2019/20 budget process began in July 2018 with the development of a Budget Schedule. This schedule outlined the key steps, milestones and timetables for the budget process. The Mayoral Committee also reviewed and approved the 'Budget Preparation and Financial Guidelines' that list the assumptions, goals and roles and responsibilities used in preparing the new budget.

In August 2018, the Mayoral committee approved the budget preparation schedule and tabled the same to council.

During the months of September through January 2019 the baseline budget was prepared using the approved guidelines and assumptions. Each directorate was given the opportunity to make changes within their operating

budgets. Directorates were also requested to submit capital requests and supplemental operating requests on items such as personnel and new programs.

Concurrent with this process various committees were appointed to review and make recommendations on the municipality's various budget related policies.

At the end of February, a first draft budget was prepared using all available data and in March this report was presented to the Mayoral Committee.

On the 26th of March 2019, a draft budget was presented to the Mayoral along with a list of recommendations for items such as tariff increases and miscellaneous items.

The draft budget was tabled in council on the 29th of March 2019 together with the revised IDP for the 2019/20 budget year.

The draft budget was taken to budget road show in April and May to allow for public participation. That exercise has afforded the community an opportunity to interact with the municipal officials and the political leadership of the municipality. Inputs from these engagements with the community was incorporated into the final budget to be presented to Council on the 30th of May.

8. Alignment of Budget with Integrated Development Plan

Each year the IDP must be reviewed as required by the Municipal Systems Act and MFMA. It should be reviewed in terms of performance in achieving outcomes and outputs, since the current financial position and the future fiscal outlook for the municipality will have a direct bearing on delivery. The review should ensure that the plans are still within the financial capacity of Enoch Mgijima Municipality. This section should give readers a good understanding of what is contained in the IDP and how that guides the allocations in the budget. The intention is not to attach the IDP as an annexure or to repeat everything in the IDP. However, it is critical that the user of the budget documentation obtains a good high-level overview of the IDP and be referred to the detailed IDP documentation.

Vision

Enoch Mgijima Municipality to be a municipality of choice that seeks to work closely with its people, and to promote governance, economic growth and sustainable delivery of services

Mission

To strive for financial and administrative stability while providing effective, affordable, sustainable integrated development to achieve socio economic upliftment, stability and growth.

Value

In addition to the Batho Pele principles, our municipality commits itself to upholding the following set of values:
Good Governance
Accountability

Public Participation
People Development
Teamwork
Integrity
Tolerance
Honesty
Responsibility
Trust

MUNICIPAL STRATEGIC OBJECTIVES

1) To exercise administrative and operational oversight, ensure good governance and public participation and engagement by 2022
2) To ensure institutional transformation, development of a capable human capital and provide administrative support by 2022
3) To provide sustainable, appropriately serviced and well maintained technical infrastructure by 2022
4) To ensure community safety and protected working environment by 2022.
5) To provide community development services and ensure a clean environment by 2022.
6) To provide sustainable human settlements and undertake spatial planning and land use management for economic growth by 202
7) To ensure institutional financial sustainability and viability by 2022.
8) To facilitate sustainable and inclusive economic growth and development through sustainable economic opportunity enhancement and rural development by 2022.

The municipality's Integrated Development Plan was reviewed based on the above strategic objectives and aims at ensuring that all developmental initiatives are in line with community needs

The budget process has led to the crafting of the municipality's strategic objectives that was effectively linked with the IDP in the strategic session held on the 19th to the 20h of March 2019.

The tables that follow in the next pages show how the operational budget and the capital projects are linked to the IDP

The tables contained in the following pages attempt to align the draft budget with the IDP.

8.2 – Table SA4 – Reconciliation of IDP strategic objectives and Budget –Revenue

8.3 – Table SA5 – Reconciliation of IDP strategic objectives and Budg Operating Expenditure

8.4 – Table SA6 – Reconciliation of IDP strategic objectives and Budg Capital Expenditure

EC139 Enoch Mgijima - Supporting Table SA4 Reconciliation of IDP strategic objectives and budget (revenue)

Strategic Objective	Goal	Goal Code	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
R thousand				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
TO PROVIDE TRAFFIC MANAGEMENT ADMINISTRATION AND SERVICES				–	–	9 560	11 198	14 712	14 712	15 368	16 654	18 501
TO PROVIDE SUSTAINABLE HUMAN SETTLEMENTS FOR ALL INCOME CATEGORIES				–	–	9 547	–	–	–	–	–	–
TO PROVIDE PROVIDE PROJECT MANAGEMENT AND ADMINISTRATION SERVICES				–	–	44 790	398	2 937	2 937	3 365	3 513	3 726
TO PROVIDE FIRE AND DISASTER MANAGEMENT SERVICES				–	–	7	1	11	11	12	12	12
TO PROVIDE COMMUNITY DEVELOPMENT SERVICES AND ENSURE A CLEAN ENVIRONMENT BY 2022				–	–	35	6	83	83	–	–	–
TO PROVIDE AND PROMOTE LIBRARY SERVICES				–	–	5 252	5 322	5 253	5 253	5 251	5 251	5 251
TO PROVIDE AND MAINTAIN PARKS AND OPEN SPACES				–	–	62	153	86	86	13	13	13
TO PROVIDE AND MAINTAIN MUNICIPAL ROADS AND STORM WATER INFRASTRUCTURE				–	–	0	39	–	–	9	9	9
TO PROVIDE AND MAINTAIN MUNICIPAL ELECTRICITY INFRASTRUCTURE NETORK AND SERVICES				–	–	195 403	270 259	261 932	261 932	291 270	311 794	336 820
TO PROVDE ADVICE TO COUNCIL				–	–	33 359	117 444	117 628	117 628	129 628	129 628	129 628
TO MANAGE AND MAINTAIN MUNICIPAL HOUSING FACILITIES				–	–	460	420	546	546	248	248	248
TO LEASE OUT MUNICIPAL PROPERTIES IN ORDER TO GENERATE REVENUE				–	–	2 258	2 144	1 818	1 818	2 821	2 871	3 221
TO FACILITATE PROVISION OF SERVICE TO PEOPLE WITH SPECIAL NEEDS				–	–	–	–	–	–	–	–	–
TO EXERCISE ADMNISTRATIVE OVERSIGHT				–	–	5 589	4 253	4 253	4 253	4 422	–	–
TO ENSURE SOUND AND SUSTAINABLE MANAGEMENT OF MUNICIPAL FINANCES				–	–	59 056	52 096	28 230	28 230	17 115	16 235	16 629
TO ENSURE PROPER QUALITY AND SUSTAINABLE USE OF PUBLIC AMENITIES				–	–	38	82	78	78	78	98	98
TO ENSURE COMMUNITY SAFETY				–	–	1 701	1 555	1 559	1 559	1 663	1 674	1 686
TO ENSURE A CLEAN AND HEALTHY ENVIRONMENT				–	–	55 980	69 424	59 050	59 050	76 038	77 158	79 750
TO ENSURE 80% COLLECTION RATE ON ALL BILLABLE SERVICES				–	–	233 345	129 158	119 823	119 823	124 453	134 477	141 644
TO DEVELOP AND REVIEW THE INTEGRATED DEVELOPMENT PLAN				–	–	–	–	–	–	–	–	–
TO PROVIDE SUSTAINABLE HUMAN SETTLEMENTS AND UNDERTAKE SPATIAL PLANNING AND LAND USE MANAGEMENT FOR ECONOMIC GROWTH				–	–	1 482	11	6	6	–	–	–
Allocations to other priorities			2									
Total Revenue (excluding capital transfers and contributions)			1	–	–	657 924	663 964	618 005	618 005	671 754	699 634	737 236

EC139 Enoch Mgijima - Supporting Table SA5 Reconciliation of IDP strategic objectives and budget (operating expenditure)

Strategic Objective	Goal	Goal Code	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
R thousand				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
TO PROVIDE TRAFFIC MANAGEMENT ADMINISTRATION AND SERVICES				–	–	24 661	29 798	26 881	26 881	28 251	29 585	31 426
TO PROVIDE SUSTAINABLE HUMAN SETTLEMENTS FOR ALL INCOME CATEGORIES				–	–	21 657	21 155	22 880	22 880	21 145	22 353	23 579
TO PROVIDE PROVIDE PROJECT MANAGEMENT AND ADMINISTRATION SERVICES				–	–	16 117	7 900	8 445	8 445	10 871	10 714	11 410
TO PROVIDE ICT SERVICES TO THE MUNICIPALITY				–	–	1 250	1 111	7 371	7 371	1 989	2 089	2 193
TO PROVIDE FIRE AND DISASTER MANAGEMENT SERVICES				–	–	7 180	3 600	5 410	5 410	3 410	3 478	3 649
TO PROVIDE COMMUNITY DEVELOPMENT SERVICES AND ENSURE A CLEAN ENVIRONMENT BY 2022				–	–	7 865	7 278	5 739	5 739	4 826	4 787	5 067
TO PROVIDE AND PROMOTE LIBRARY SERVICES				–	–	7 994	9 052	8 169	8 169	9 413	9 906	10 505
TO PROVIDE AND MAINTAIN PARKS AND OPEN SPACES				–	–	15 804	17 536	17 178	17 178	18 743	18 968	20 185
TO PROVIDE AND MAINTAIN MUNICIPAL ROADS AND STORM WATER INFRASTRUCTURE				–	–	49 174	43 500	40 959	40 959	62 221	56 469	60 237
TO PROVIDE AND MAINTAIN MUNICIPAL ELECTRICITY INFRASTRUCTURE NETWORK AND SERVICES				–	–	250 987	323 945	200 007	200 007	304 014	320 167	333 498
TO PROVDE ADVICE TO COUNCIL				–	–	56 837	44 475	46 269	46 269	44 395	42 565	43 803
TO MANAGE MUNICIPAL FACILITIES				–	–	7 621	7 037	8 339	8 339	8 869	9 371	9 841
TO MANAGE AND MAINTAIN MUNICIPAL HOUSING FACILITIES				–	–	3 047	4 922	6 774	6 774	3 667	3 898	4 100
TO LEASE OUT MUNICIPAL PROPERTIES IN ORDER TO GENERATE REVENUE				–	–	11 687	9 016	7 015	7 015	11 132	12 132	10 432
TO FACILITATE PROVISION OF SERVICE TO PEOPLE WITH SPECIAL NEEDS				–	–	1 389	3 036	1 795	1 795	2 196	2 187	2 266
TO EXERCISE ADMNISTRATIVE OVERSIGHT				–	–	31 377	28 334	31 861	31 861	31 644	34 365	35 964
TO ENSURE SOUND AND SUSTAINABLE MANAGEMENT OF MUNICIPAL FINANCES				–	712 621	127 159	55 721	73 747	73 747	56 494	64 177	67 873
TO ENSURE PROPER QUALITY AND SUSTAINABLE USE OF PUBLIC AMENITIES				–	–	1 167	1 442	1 151	1 151	1 152	1 126	1 198
TO ENSURE COMMUNITY SAFETY				–	–	19 879	19 609	20 566	20 566	17 747	18 518	19 374
TO ENSURE A CLEAN AND HEALTHY ENVIRONMENT				–	–	44 823	53 543	51 655	51 655	55 683	59 661	63 548
TO ENSURE 80% COLLECTION RATE ON ALL BILLABLE SERVICES				–	–	18 690	6 269	6 269	6 269	54 565	53 250	51 913
TO DEVELOP AND REVIEW THE INTEGRATED DEVELOPMENT PLAN				–	–	5 839	8 910	7 658	7 658	9 064	9 014	9 490
TO PROVIDE SUSTAINABLE HUMAN SETTLEMENTS AND UNDERTAKE SPATIAL PLANNING AND LAND USE				–	–	9 295	9 824	9 837	9 837	8 138	8 585	9 049
Allocations to other priorities												
Total Expenditure			1	–	712 621	741 498	717 010	615 977	615 977	769 630	797 363	830 601

EC139 Enoch Mgijima - Supporting Table SA6 Reconciliation of IDP strategic objectives and budget (capital expenditure)

Strategic Objective	Goal	Goal Code	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
R thousand				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
TO PROVIDE AND MAINTAIN PARKS AND OPEN SPACES				–	–	(854)	10 600	12 981	12 981	11 946	14 700	17 700
TO PROVIDE AND MAINTAIN MUNICIPAL ROADS AND STORM WATER INFRASTRUCTURE				–	–	39 946	28 734	52 335	52 335	18 400	22 622	23 000
TO PROVIDE AND MAINTAIN MUNICIPAL ELECTRICITY INFRASTRUCTURE NETWORK AND SERVICES				–	–	31	6 162	10 162	10 162	10 448	18 300	20 256
TO MANAGE AND MAINTAIN MUNICIPAL HOUSING FACILITIES				–	–	206	8 800	5 130	5 130	6 270	2 900	–
TO EXERCISE ADMNISTRATIVE OVERSIGHT				–	–	–	37 534	6 926	6 926	–	–	–
TO ENSURE SOUND AND SUSTAINABLE MANAGEMENT OF MUNICIPAL FINANCES				–	–	1 577	1 500	1 500	1 500	1 200	1 700	1 900
TO ENSURE PROPER QUALITY AND SUSTAINABLE USE OF PUBLIC AMENITIES				–	136 214	123 789	–	–	–	–	–	–
TO ENSURE COMMUNITY SAFETY				–	–	–	–	–	–	–	–	1 500
TO ENSURE A CLEAN AND HEALTHY ENVIRONMENT				–	–	1 081	800	1 105	1 105	10 640	8 500	16 074
TO DEVELOP AND REVIEW THE INTEGRATED DEVELOPMENT PLAN				–	–	21	4 600	1 516	1 516	1 150	–	–
Allocations to other priorities			3									
Total Capital Expenditure			1	–	136 214	165 797	98 730	91 654	91 654	60 054	68 722	80 430

9 Budget Related Policies and Bylaws Overview and Amendments

In line with section 17(3) (e) when annual budget is tabled in terms of section 16(2), it must be accompanied by any proposed amendments to the budget related polices. Following the amalgamation process that was completed last year August, the municipality then started developing Budget related polcies for the new merged entity – Enoch Mgijima Local Municipality. The draft budget contains in appendix B draft policies that must be approved by council in May and will be tabled together with final budget. The y are attached here for councillors to review before it is finally approved by council in May.

Budget related policies and a bylaw includes the following:

Final Reviewed Property Rates Policy and Bylaw
Final Reviewed Budget Policy
Final Reviewed Cash Management and Investment Policy
Final Reviewed Write Off Policy
Final Reviewed Property Rates and Bylaw
Final Reviewed Virement Policy
Final Reviewed Asset Management Policy
Final Reviewed Indigent Policy and Bylaw
Final Reviewed Supply Chain Management Policy

Below is the summary of each reviewed policies:

Draft Reviewed Property Rated Policy and Bylaw

This policy is used to fund services that benefit the community as opposed to individual households. These include constructed and maintaining streets, roads and sidewalks, street lighting and storm water drainage facilities.

The policy focuses on how the rates are imposed and impermissible rates. The policy gives rebate to property owners of the first R15 000 of the market value. The policy detailed the exemptions, reduction and rebates and clarifies who qualifies. The register of properties is divided into two parts. The bylaw will ensure that it gives effect on the implementation of this policy. This policy is in line with the property rates act.

Draft Reviewed Budget Policy

The objective of this policy is to set out:
The principles which the Municipality will follow in preparing each MTREF
The responsibilities if the Mayor, the Accounting Officer, The Chief Financial Officer and other Directors in the compilation of Budget
To establish and maintain procedures to ensure adherence to the Municipal IDP and Budget processes.
The Municipality did not have budget policy; they only rely on the Municipal Finance Management Act every time the budget is compiled. The policy that was in existence was budget adjustment policy and virement policy which were developed for the first time in the last financial year for its first implementation in the year under review.
The policy therefore covers the budget preparation process being:
Formulation of the budget,
The public participation process
Approval process of the budget
Publication of the budget
Capital and Operating Budget, how they are funded and the process that needs to be followed.
The policy also stipulates how the unspent funds must be treated
Budget adjustment process in detail, who has been delegated, how to compile budget adjustment and why.
Budget implementation and monitoring in terms of MFMA

Cash Management and Investment Policy

The policy is taken as it is from the last financial year, its objectives:
To provide guidance and direction for the investment of cash within the municipality
The Municipality must ensure investment diversification across the institution e.g. types of investments and its maturities
Liquidity needs of the Municipality to be given due consideration when making investment decisions for the municipality.
The policy statement includes:
Investment maturities
Standard care for investment
Investment limitations
Portfolio balance and competitive selection
Cash management and Reporting Requirements

Draft reviewed write off policy and Bylaw

Main purpose of this policy is to ensure that the principles of write off of irrecoverable debt are formalised.
It mentioned the categories of debtors that qualify to be written off.
It mentioned the incentive scheme and this policy reviewed that the incentive will only apply to a debt that is in arrears as at end 30 June which will be the one that will be written off.
Standing committee for finance will play a role of considering application and onward transmission to Mayoral Committee and Council for final approval.
Bylaw will give effect to this policy.

Credit Control Policy and Bylaw

The policy details how rates and services will be collected. The process starts at the application process of the services
Customer service agreements
Deposits that are paid when applying for the service
Detailed how and when the accounts and billing are paid
Metering and consumable services and all water related processes have been removed from the policy.
Arrangements processes for residential and non-residential debtors
Special conditions regarding arrangements and the payment of rates by instalments
Payment arrangements of government departments
Collection process on rental of facilities
Enquiries and appeals
Debt collection process general
Theft and fraud and Irrecoverable debt
Bylaw will give effect to this policy

Virement policy

This policy aims to provide guidelines to management in the use of virement as a mechanism in the day to day management of their budget
The only change in the policy is to allow virement on capital budget within votes of the same funding

Draft Review of Asset Management Policy

Main objectives of this policy are to:
Ensure the effective and efficient control, utilization and management of Property Plant and Equipment.

Ensure that the functional heads are aware of their roles and responsibilities regarding property, plant and equipment.
To set out standards of physical asset management, recording and internal control to ensure property plant and equipment are safeguarding against loss and inappropriate utilisation
To specify the process required for acquisition, transfer and disposal assets.

Draft Reviewed Indigent Policy and Bylaw

Main objectives of this policy are to ensure:
The provision of basic services to the community in a sustainable manner within financial and administrative capacity of council
The financial sustainability of free basic services through the determination of appropriate tariffs that contribute to such sustainability through cross subsidisation
Establishment of framework for the identification and management of indigent households including socio –economic analysis and an exit strategy
The provision of procedures and guidelines for the subsidisation of basic charges and the provision of free basic energy to indigent households
To ensure co-operative governance with other spheres of government and
To enhance the institutional and financial capacity of the Municipality to implement the policy
Bylaw will give effect to this policy

Supply Chain Management Policy

The MFMA required the municipality to adopt and implement a new supply chain policy by January 1st of 2006. The municipality met this deadline. We now have a detailed policy of council and a set of procedures to follow. The Supply Chain unit has been established within the Finance Directorate and is operating. The policy set limits for the various methods of procurement used within the municipality and delegated authority to implement the policy to the Accounting Officer as required in the MFMA. This policy has been reviewed in this financial year and has been presented to council for approval.

10 Budget Assumptions

Budgets are prepared in an environment of uncertainty. To prepare meaningful budgets, assumptions need to be made about internal and external factors that could influence the budget. Documentation of the assumptions used in preparing the budget assists understanding of the information. The section provides a comprehensive summary of all the assumptions used in preparing the budget.

Budget Assumptions Table 2017/18

		Estimated 2019/20	Estimated 2020/21	Estimated 2021/2022
1)	General Inflation Factor	5.6%	5.4%	5.4%
2)	Interest Rates:			
	Borrowing	10.5%	10.5%	10.5%

	Investing	6.0%	6.0%	6.0%
3)	Increases - Rates and Tariffs:			
	Growth Factor	1.0%	1.0%	1.0%
	Rates	0.0%	5.0%	5.0%
	Electricity	13.07%	8.1%	5.2%
	Refuse	5.0%	5.0%	5.0%
4)	Tax Base Growth	0.0%	0.0%	0.0%
5)	Billing Collection Rates:			
	Rates	61.0%	62.3%	64.6%
	Electricity	88.0%	89.6%	88.6%
	Refuse	32.0%	44.6%	45.4%
	Debtor Interest	11.6%	18.0%	18.0%
6)	Bulk Electricity Purchases			
	Growth Factor	0.0%	0.0%	0.0%
	Bulk Cost Increases	9.41%	7.4%	7.4%
7)	Salary Increases			
	Salaries	7.0%	7.0%	7.0%
	Overtime	7.0%	7.0%	7.0%
	Contract Workers	7.0%	7.0%	7.0%
8)	Equitable Share Allocation	180 007 000	190 986 000	202 997 000
9)	Library Allocation	5 250 000	5 250 000	5 250 000

The above assumptions were different from what was anticipated during the planning stage of the 2019/20 budget. It must be noted however that as the year progresses some of these guidelines had to change due to the dynamic nature of the economy.
Property Rates have not been increased because this year coincided with the compilation of the first General Valuation Roll for Enoch Mgijima Local Municipality. The municipality has been implementing three (3) different GVs up until now. The new GV will come into effect on the 1st July 2019.

The 9.41% Electricity tariff that was proposed by NERSA for the 2019/20 financial year has been changed to 13.07% for the financial year starting 1st July 2019.

General inflation outlook and its impact on the municipal activities

General inflationary pressure is expected to remain in the moderate range as per the National Treasury forecasts. We have used the guidelines as per circular 93 and 94 from National Treasury for the next three years when preparing this medium-term budget. The budget is also based on some of the earlier circulars which are still relevant such as circular 58 and 72.

Interest rates for borrowing and investment of funds

Based on historical trends and current market analysis we have used 9.6% as the base interest rate on all loans that we anticipate taking out over the medium-term estimate. Investment income is calculated using a 6% rate for cash invested. The actual interest rate that the municipality will be charged will at any time be based on the prevailing repo rate and the risk level associated with the municipality at that time.

Rates, tariffs, charges and timing of revenue collection

The Enoch Mgijima Municipality has started the process of new valuation roll in the 2017/18 financial year, hoping to complete a general valuation roll for the Municipality on or before 31st January 2019. The new valuations on property within the municipality will make it possible to determine the correct property values under the Enoch Mgijima municipal area. For the 2019/20 financial year, Rates are set to show on increase, as the property values show current market values. The billed revenue for the 2019/20 financial year will amount to R101 million.

In places where properties are not yet valued infrastructure improvement rate shall be levied.

Electricity tariffs

Billed revenue for the 2018/19 budget was R238.3 million. Electricity tariff will be increased by an average of 13.07% in 2019/20 financial year as contained in a correspondence from NERSA in May 2019. Because of that increase, revenue to be realised from electricity tariff will increase to R260.3 million It must be noted that this is the billed revenue from which a reasonable provision for bad debt will be deducted. The municipality is putting plans in place this year to maximise the collection of the billed amount and to reduce the bad debt that will occur at the end of the year. The municipality has also taken into account the revenue forgotten to registered indigents.

Cost Reflective tariffs

A costing study will be conducted in 2019/20 to assist the municipality in determining the 'total' direct and indirect cost of delivering the various services to the community. This new costing model will be used in the coming budgets to see which municipal service is running at a loss. It must be noted that the electricity

function and the refuse functions are supposed to declare a surplus or at worse, break – even. Circulars 93 and 94 from the National Treasury, urges municipalities to adopt cost reflective tariffs.

Refuse charges are set to remain at 5% this year. This is because of the service not breaking even and is running at a loss. This must be increased over a number of years to ensure that the service is fully funded. It is anticipated that once consumers start to pay for these services and a full break-even is achieved, the municipality will start lowering this rate. Circular 94 stipulates that cost reflective tariffs be set in order to ensure continuity and sustainability of service delivery.

Electricity tariff is determined and controlled by the energy regulator NERSA. Indigent customers will be subsidized as follows:

0 – 50kw	free
51kw onwards	13.07% Increase

Collection rates for each revenue source and customer type

(For more detail see section 15 – revenue by source and vote)

Collection of billed services continues to be problematic in many areas of the municipality. Because of this the allowance for bad debts has been increased substantially over the past years to more closely reflect the actual collection rate of municipal services. These lower collection rates continue to put upward pressure on service tariffs and will require a conscientious effort to address in the future. There are however glimpses of improve collection rate of billed services in the past month of this year 2018/19 following the filing of a number of critical positions.

Collection rates for services that are billed to the community are usually very different from the amount billed for a service. This is the result of many different factors including consumer attitude, ability to pay and other issues. The municipality began a project plan last year to improve the collection of the various billed services through a project management plan that addresses many different areas of the billing and collection cycle.

In addition, the credit control and debt collection policy was revised this year and a debtor's write off and arrangements policies were also added to the mix. The adoption of these policies is only one part of a multi prong approach to address this issue.

Average salary increases

When we include councillor allowances; salaries and related expenses make up almost 36% of the operating budget. This has taken the municipality to the National Treasury threshold of the salary budget not exceeding 35.0% of its operating budget. This will affect further employment of staff as the municipality will not like to exceed the 35.0% threshold. This salary related expenses are increased each year by bargaining agreements controlled by SALGA.

The wage negotiations as per the SALGA Circular 32/2018, stipulates that for the financial year 2019/20 all employees covered by the agreement shall receive an increase of the projected CPI plus 1.5% with

effect from 1 July 2019. With average CPI in 2019/20 projected be around 5.5% a salary hike of 7.0% is proposed. CPI +1.25% will be used in the 2020/21 financial year.

11 Funding the Budget

Fiscal Overview

Over the past few years the Municipality has been working to reform its financial position and reporting systems to promote sustainability and conformance to the requirements of the MFMA.

Efforts are being made to maximise revenue collection from electricity sells. Revenue from electricity sales remains the biggest source of revenue to the municipality. In the 2019/20 financial year this will account for 38% of the total operating revenue. The municipality relies heavily on this source of Revenue to the extent that any marginal reduction in this source of revenue affects the municipality negatively.

Primarily from a cash point of view, Enoch Mgijima municipality has faced serious financial difficulties over the past few months. Enoch Mgijima is not alone. Many local municipalities in South Africa are facing the same difficulties. The reasons for this situation are not simple and neither are there quick solutions. Over the past years the municipality has been required to take on large number of employees, service old debts inherited from former Nkwanca municipality and a large population that simply do not have the income to pay the rates and tariffs required. In recent years, though, the municipality has not taken any new debt thus, the municipality does not have any debt in the medium-term budget.

Treasury requires that the draft budget be a funded budget. Prudent budgeting and some hard decision making has allowed this goal to become a reality. The municipality will not end 2018/19 with enough cash at the end of the financial year to pay all its creditors. This, however, must not be allowed to continue into the new financial year.

The municipality must strengthen its credit control and debt collection efforts. We must evaluate every area of operations and ask ourselves if we are doing things in the most efficient and effective way. The electricity meter solution project must take off from the ground so as to provide the much needed boost in revenue collection for the municipality.

Probably most important, we must be willing to change. We cannot continue to do things the way that we always have done them in the past particularly in the recent past. Cost containment measures approved by council must be implemented

New challenges always bring with them new opportunities. We must find those opportunities that present themselves and use them to better our municipality.

Funded verses a balanced budget: Table SA 10

The implementation of the MFMA changes the perspective of the budget from a 'funds' perspective where the emphasis is on balancing 'funds going out' to 'funds coming in' to a more dynamic accounting prospective.

This new prospective requires us to analyse the budget from several viewpoints to ensure that the budget is indeed balanced in accordance with the MFMA. The MFMA requires in section 18 that the budget be funded using only 'realistically' anticipated revenues to be collected and cash backed accumulated funds that are not committed to other purposes. Borrowed funds can only be used to fund capital budget items in accordance with MFMA requirements. These were part of the strategies presented to the Budget Steering committee in September 2018 as part of the budget process.

Although we show revenues on an accrual basis we must ensure that revenues used to fund the budget are realistically anticipated to be collected.

To be credible the budget must be consistent with the IDP and be achievable in terms of service delivery and performance targets. Credible budgets have realistic revenue and expenditure projections and the implementation of it improves the financial viability of the municipality.

The municipality has followed these principles and the directions put forth in NT circulars 93 and 94 concerning both the budget process and funding of a municipal budget.

We have made full disclosure on all revenues using accrual methods and all cash that is available has been shown where it is legally committed to be spent.

Cash flow for the 2019/20 budget year reflects that cash receipts for the year will be sufficient to place a small surplus into working operating capital. It is anticipated that a cash surplus of R994 thousand will be realised by the end of the 2019/20 financial year. This is shown in the supporting table SA30 attached to this report.

Table SA 10 also shows that the budget is fully funded.

EC139 Enoch Mgijima Supporting Table SA10 Funding measurement

Description	MFMA section	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Funding measures												
Cash/cash equivalents at the year end - R'000	18(1)b	1	–	(66 292)	(42 978)	133 037	5 971	5 971	20 178	994	1 028	1 131
Cash + investments at the yr end less applications - R'000	18(1)b	2	–	32 221	(84 709)	413 004	(100 559)	(100 559)	(36 092)	(137 715)	(107 411)	(130 964)
Cash year end/monthly employee/supplier payments	18(1)b	3	–	(1.3)	(0.8)	2.5	0.1	0.1	0.5	0.0	0.0	0.0
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	4	–	(134 753)	15 733	(53 046)	84 728	84 728	65 632	(39 022)	(30 707)	(14 834)
Service charge rev % change - macro CPIX target exclusive	18(1)a,(2)	5	N.A.	(6.0%)	(5.8%)	11.3%	(11.2%)	(6.0%)	(18.7%)	5.5%	(1.2%)	(1.0%)
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	6	0.0%	84.4%	68.3%	80.8%	80.1%	80.1%	51.5%	73.1%	76.2%	77.1%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	7	0.0%	23.9%	17.7%	5.7%	6.0%	6.0%	0.0%	18.3%	17.6%	17.0%
Capital payments % of capital expenditure	18(1)c;19	8	0.0%	49.9%	28.7%	94.9%	74.8%	74.8%	53.4%	100.0%	100.0%	100.0%
Borrowing receipts % of capital expenditure (excl. transfers)	18(1)c	9	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Grants % of Govt. legislated/gazetted allocations	18(1)a	10								0.0%	0.0%	0.0%
Current consumer debtors % change - incr(decr)	18(1)a	11	N.A.	0.0%	14.9%	332.0%	(74.4%)	0.0%	226.1%	(18.1%)	22.5%	(24.8%)
Long term receivables % change - incr(decr)	18(1)a	12	N.A.	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
R&M % of Property Plant & Equipment	20(1)(vi)	13	0.0%	0.0%	1.0%	2.0%	2.4%	2.4%	1.4%	1.7%	1.7%	1.7%
Asset renewal % of capital budget	20(1)(vi)	14	0.0%	0.0%	0.6%	5.2%	1.6%	1.6%	0.0%	0.0%	0.0%	0.0%

The positive cash balances shown in table 10A are an indication of funding compliance. Cash + investment at year end will be 994 thousand, rising to R1.0 million in 2020/21 and R1.1 million in 2021/22..

The budget has sufficient liquidity to meet average monthly operating payments. The ratio for 2019/20 financial year is +4.0 increasing to +4.0 and +3.0 in 2019/20 and 2021/22 respectively.

The budget also reflects a deficit before depreciation offsets. Surplus for 2019/20 shows R39.0 million.

Service charge revenue percentage changes showed 05.5% macro CPIX target. This is indicative of adherence to macro – economic target even though it is below the threshold for municipalities.in the two outer years.

Cash receipts as a % of ratepayers and other revenue showed that the municipality's own funding is at 73.1% of total operating revenue. Increasing to 76.2% and 77.1% in 2021 and 2022 respectively.

Debt impairment as a % of total billable revenue is at 18.3% and remains in the same range in the medium-term revenue and expenditure framework.

Repairs and maintenance % of property, plant and equipment is at 1.7% of total operating expenditure

Asset renewal % of capital budget is 20.3%. This means the municipality has committed 25.1% of its capital budget to repairs and maintenance of its infrastructure assets.

Table 10A shows that the 2019/20 budget is fully funded

11.2 Financial Indicators – Table SA 8

The municipality is in the process of developing useful performance indicators that will be both meaningful and useful for detecting financial problems and trends that need to be investigated. These indicators are not available now but will be made public once finalized. Below are some standard performance indicators that shows how Enoch Mgijima Municipality will perform in the medium term.

EC139 Enoch Mgijima - Supporting Table SA8 Performance indicators and benchmarks

Description of financial indicator	Basis of calculation	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Borrowing Management											
Credit Rating											
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	0.0%	0.4%	1.3%	0.0%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	0.0%	0.9%	2.1%	0.0%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Safety of Capital											
Gearing	Long Term Borrowing/ Funds & Reserves	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Liquidity											
Current Ratio	Current assets/current liabilities	–	1.0	0.5	3.4	0.5	0.5	0.9	0.4	0.5	0.4
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	–	1.0	0.5	3.4	0.5	0.5	0.9	0.4	0.5	0.4
Liquidity Ratio	Monetary Assets/Current Liabilities	–	0.4	0.0	0.8	0.0	0.0	0.0	0.0	0.1	0.1
Revenue Management											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		0.0%	88.8%	83.8%	84.3%	82.4%	82.4%	57.7%	74.6%	78.2%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		0.0%	88.8%	83.8%	84.3%	82.4%	82.4%	57.7%	74.6%	78.2%	77.1%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	0.0%	15.9%	15.7%	64.6%	17.8%	17.8%	59.7%	13.4%	15.7%	11.2%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old										
Creditors Management											
Creditors System Efficiency	% of Creditors Paid Within Terms (within`MFMA' s 65(e))		46.7%	44.9%	30.0%	32.1%	32.1%	33.8%	56.7%	58.2%	58.3%
Creditors to Cash and Investments		0.0%	179.6%	-354.6%	46.9%	3256.2%	3256.2%	1772.5%	18473.1%	18334.3%	16988.9%
Other Indicators											
Electricity Distribution Losses (2)	Total Volume Losses (kW) Total Cost of Losses (Rand '000) % Volume (units purchased and generated less units sold)/units purchased and generated										
Water Distribution Losses (2)	Total Volume Losses (kℓ) Total Cost of Losses (Rand '000) % Volume (units purchased and generated less units sold)/units purchased and generated										
Employee costs	Employee costs/(Total Revenue - capital revenue)	0.0%	43.7%	39.9%	38.7%	44.3%	44.3%	38.3%	40.1%	39.1%	39.3%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	0.0%	0.0%	39.9%	43.0%	48.5%	48.5%		44.0%	42.9%	43.1%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	0.0%	0.0%	1.5%	4.4%	8.9%	8.9%		3.1%	3.1%	3.0%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	0.0%	9.5%	9.6%	4.2%	6.3%	6.3%	0.2%	8.2%	7.9%	7.7%
IDP regulation financial viability indicators											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	–	21.1	34.9	108.0	108.0	108.0	70.3	61.7	52.6	55.2
ii.O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	0.0%	25.7%	29.1%	108.5%	29.3%	29.3%	104.8%	21.5%	25.1%	18.0%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	–	1.0	(0.8)	2.5	0.1	0.1	0.5	0.0	0.0	0.0

Sources of Funding

11.3 Rates, tariffs and other charges

The detailed listings of all of the proposed tariffs and rates for the 2019/20 financial year are contained in appendix A. In this section, we will highlight only the major changes proposed. We will concentrate on the two major tariffs of the municipality along with the property rates.

These three revenue sources will account for an almost R414.5 million in billed revenue for the municipality in 2019/20 and will account for an estimated R309.1 million in actual cash collection. The breakdown is as follows:

Item	Billed (000's)	Cash (000's)
Property Rates	101,170	61 603
Electricity	260 745	230 483
Refuse Collection	52,619	17, 048
Total	414 534	309,134

11.5 - Investments – cash backed accumulated surplus

This section documents particulars of existing investments and predicted levels of investments based on future strategies. The portfolio of investments should also be compliant with the MFMA, regulations and investment framework.

The following tables are included to show details concerning the municipality's investments.

11.6 - Table SA15 – Investments Particulars by Type

11.7 - Table SA16 – Investments Particulars by Maturity

EC139 Enoch Mgijima - Supporting Table SA15 Investment particulars by type

Investment type	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Parent municipality										
Securities - National Government										
Listed Corporate Bonds										
Deposits - Bank										
Deposits - Public Investment Commissioners										
Deposits - Corporation for Public Deposits		–	–	(1 205)	49 157	3 216	3 216	–	14 163	15 862
Bankers Acceptance Certificates										
Negotiable Certificates of Deposit - Banks										
Guaranteed Endowment Policies (sinking)										
Repurchase Agreements - Banks										
Municipal Bonds										
Municipality sub-total	1	–	–	(1 205)	49 157	3 216	3 216	–	14 163	15 862
Entities										
Securities - National Government										
Listed Corporate Bonds										
Deposits - Bank										
Deposits - Public Investment Commissioners										
Deposits - Corporation for Public Deposits										
Bankers Acceptance Certificates										
Negotiable Certificates of Deposit - Banks										
Guaranteed Endowment Policies (sinking)										
Repurchase Agreements - Banks										
Entities sub-total		–	–	–	–	–	–	–	–	–
Consolidated total:		–	–	(1 205)	49 157	3 216	3 216	–	14 163	15 862

EC139 Enoch Mgijima - Supporting Table SA16 Investment particulars by maturity

Investments by Maturity Name of institution & investment ID	Ref 1	Period of Investment Yrs/Months	Type of Investment	Capital Guarantee (Yes/ No)	Variable or Fixed interest rate	Interest Rate *	Commission Paid (Rands)	Commission Recipient	Expiry date of investment	Opening balance	Interest to be realised	Partial / Premature Withdrawal (4)	Investment Top Up	Closing Balance
Parent municipality														
Municipality sub-total										#REF!		#REF!	#REF!	#REF!
Entities														
N/A														–
														–
														–
														–
														–
														–
														–
Entities sub-total										–		–	–	–
TOTAL INVESTMENTS AND INTEREST	1									#REF!		#REF!	#REF!	#REF!

11.8 - Grant allocations

The following is a listing of grants included within the budget and a brief description of each.

MUNICIPAL INFRASTRUCTURE GRANT

This fund is allocated to municipalities to supplement municipal capital budgets to eradicate backlogs in municipal infrastructure, as well as the rehabilitation and renewal of municipal infrastructure. Conditions to the grant is to prioritise residential infrastructure for water, sanitation, refuse removal, street lighting, solid waste, connector and bulk infrastructure, and other municipal infrastructure like roads in line with the MIG policy framework. Municipalities must adhere to the labour-intensive construction method and must report to DPLG in terms of the Division of Revenue Act on progress. The municipality has been allocated R54.112 million for the 2019/20 financial year.

MUNICIPAL SYSTEM IMPROVEMENT PROGRAMME

This grant is allocated to assist municipalities in building in-house capacity to perform their functions and stabilise institutional and governance system as required in the Local Government Municipal Systems Act of 2000.

Conditions include that a activity plan must be submitted in the prescribed format with detail budgets and timeframes. Submission of monthly expenditure reports in accordance of the Division of the Revenue Act.

LOCAL GOVERNMENT FINANCIAL MANAGEMENT GRANT

This grant is allocated to promote and support reforms to financial management and the implementation of the Municipal Finance Management Act.

Conditions include submission of council resolution striving to achieve multi-year budgets, accounting and reporting reforms. The employment of a skilled chief financial officer and promotion of internship programme in financial management and ongoing review, revision and submission of implementation plans to address weaknesses in financial management. An amount of R4.0 million has been allocated for this grant in the 2019/20 financial year.

EXPANDED PUBLIC WORKS PROGRAMME

Initially this was an incentive grant. It has since been converted to a conditional Grant since there are conditions attached to the use of this fund to the extent that it has to be used for employing the community for public works. Conditions attached include regular reporting to the transferring authority every month. The municipality has been allocated R4.4 million to be used in the 2019/20 financial year.

One thing evident in the allocations is that, they keep on decreasing year in year out and calls for the municipality to find ways of generating revenue from other sources. In the 2019/20 budget grant revenue to own source of revenue is 30: 70. The municipality is challenged to improve this ratio.

11.9 -Table SA 18 - Transfers and grant receipts

Table SA 19 - Expenditure on transfers and grant programme

Table SA 20 - Reconciliation of transfers, grant receipts and unspent Funds

The tables on the following pages give a detail listing of the allocations that the municipality anticipates receiving.

EC139 Enoch Mgijima - Supporting Table SA18 Transfers and grant receipts

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
RECEIPTS:	1, 2									
Operating Transfers and Grants										
National Government:		–	–	236 461	180 198	177 610	177 610	191 135	196 840	209 328
Local Government Equitable Share		–	–	165 346	169 930	164 690	164 690	180 007	190 986	202 997
Expanded Public Works Programme Integrate		–	–	4 889	4 253	4 253	4 253	4 422	–	–
Infrastructure Skills Development Grant [Sche		–	–	7 418	–	–	–	–	–	–
Local Government Financial Management Gra		–	–	5 945	6 015	6 015	6 015	4 000	3 000	3 264
Municipal Demarcation and Transition Grant [S		–	–	8 327	–	–	–	–	–	–
Municipal Infrastructure Grant [Schedule 5B]		–	–	44 536	–	2 652	2 652	2 706	2 854	3 067
Municipal Systems Improvement Grant [Schedule		–	–	–	–	–	–	–	–	–
Provincial Government:		–	–	4 777	–	6 305	6 305	5 250	5 250	5 250
Capacity Building		–	–	–	–	1 055	1 055	–	–	–
Libraries; Archives and Museums		–	–	–	–	5 250	5 250	5 250	5 250	5 250
Library Service		–	–	–	–	–	–	–	–	–
Maintenance of Road Infrastructure		–	–	–	–	–	–	–	–	–
Municipal Support and Governance / Municipal Fin		–	–	4 777	–	–	–	–	–	–
Specify (Add grant description)		–	–	–	–	–	–			
District Municipality:		–	–	–	171	171	171	–	–	–
Specify (Add grant description)		–	–	–	–	–	–	–	–	–
Water		–	–	–	171	171	171	–	–	–
Other grant providers:		–	–	173	–	–	–	–	–	–
Unspecified		–	–	173	–	–	–	–	–	–
Total Operating Transfers and Grants	5	–	–	241 411	180 369	184 086	184 086	196 385	202 090	214 578
Capital Transfers and Grants										
National Government:		–	–	–	–	60 550	60 550	58 854	67 022	78 530
Integrated National Electrification Programme		–	–	–	–	10 162	10 162	7 448	12 800	20 256
Municipal Infrastructure Grant		–	–	–	–	50 388	50 388	51 406	54 222	58 274
Provincial Government:		–	–	34 829	–	20 819	20 819	–	–	–
Road Infrastructure		–	–	34 829	–	20 819	20 819	–	–	–
District Municipality:		–	–	–	–	1 331	1 331	–	–	–
Planning and Development		–	–	–	–	1 331	1 331	–	–	–
Other grant providers:		–	–	–	–	–	–	–	–	–
Developers Contribution		–	–	–	–	–	–	–	–	–
Total Capital Transfers and Grants	5	–	–	34 829	–	82 700	82 700	58 854	67 022	78 530

EC139 Enoch Mgijima - Supporting Table SA19 Expenditure on transfers and grant programme

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
EXPENDITURE:	1									
Operating expenditure of Transfers and Grants										
National Government:		–	–	418 268	413 748	426 092	426 092	425 346	437 464	459 484
Local Government Equitable Share		–	–	403 498	403 700	416 192	416 192	417 066	434 606	456 362
Expanded Public Works Programme Integrated Gra		–	–	7 866	4 253	4 277	4 277	4 422	–	–
Local Government Financial Management Grant [S		–	–	4 345	3 270	3 930	3 930	2 100	1 500	1 500
Municipal Demarcation and Transition Grant [Sched		–	–	1 836	2 525	1 693	1 693	1 758	1 358	1 622
Municipal Systems Improvement Grant [Schedule		–	–	723	–	–	–	–	–	–
Provincial Government:		–	–	6 702	–	1 055	1 055	5 250	5 250	5 250
Capacity Building		–	–	–	–	1 055	1 055	–	–	–
Library Service		–	–	6 702	–	–	–	5 250	5 250	5 250
Sports and Recreation		–	–	–	–	–	–	–	–	–
District Municipality:		–	–	–	–	–	–	–	–	–
Other grant providers:		–	–	–	–	–	–	–	–	–
Total operating expenditure of Transfers and Grants		–	–	424 969	413 748	427 147	427 147	430 596	442 714	464 734
Capital expenditure of Transfers and Grants										
National Government:		–	–	5 581	56 496	60 550	60 550	58 854	67 022	78 530
Integrated National Electrification Programme		–	–	31	6 162	10 162	10 162	7 448	12 800	20 256
Municipal Infrastructure Grant		–	–	5 550	50 334	50 388	50 388	51 406	54 222	58 274
Provincial Government:		–	–	34 829	–	20 819	20 819	–	–	–
Road Infrastructure		–	–	34 829	–	20 819	20 819	–	–	–
District Municipality:		–	–	–	–	–	–	–	–	–
Planning and Development		–	–	–	–	–	–	–	–	–
Other grant providers:		–	–	–	–	–	–	–	–	–
Total capital expenditure of Transfers and Grants		–	–	40 411	56 496	81 369	81 369	58 854	67 022	78 530
TOTAL EXPENDITURE OF TRANSFERS AND GRANT		–	–	465 380	470 244	508 516	508 516	489 450	509 736	543 264

EC139 Enoch Mgijima - Supporting Table SA20 Reconciliation of transfers, grant receipts and unspent funds

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Operating transfers and grants:	1,3									
National Government:										
Balance unspent at beginning of the year		–	–	(28 912)	–	–	–	–	–	–
Current year receipts		–	–	(58 386)	(4 003)	–	–	–	–	–
Conditions met - transferred to revenue		–	–	95 407	–	–	–	–	–	–
Conditions still to be met - transferred to liabilities		–	–	8 108	(4 003)	–	–	–	–	–
Provincial Government:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		–	–	–	–	–	–	–	–	–
Conditions still to be met - transferred to liabilities										
District Municipality:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		–	–	–	–	–	–	–	–	–
Conditions still to be met - transferred to liabilities										
Other grant providers:										
Balance unspent at beginning of the year		–	–	–	–	–	–	–	–	–
Current year receipts		–	–	–	–	–	–	–	–	–
Conditions met - transferred to revenue		–	–	–	–	–	–	–	–	–
Conditions still to be met - transferred to liabilities		–	–	–	–	–	–	–	–	–
Total operating transfers and grants revenue		–	–	95 407	–	–	–	–	–	–
Total operating transfers and grants - CTBM	2	–	–	8 108	(4 003)	–	–	–	–	–
Capital transfers and grants:	1,3									
National Government:										
Balance unspent at beginning of the year		–	–	–	–	–	–	–	–	–
Current year receipts		–	–	–	–	–	–	–	–	–
Conditions met - transferred to revenue		–	–	–	–	–	–	–	–	–
Conditions still to be met - transferred to liabilities		–	–	–	–	–	–	–	–	–
Provincial Government:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		–	–	–	–	–	–	–	–	–
Conditions still to be met - transferred to liabilities										
District Municipality:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		–	–	–	–	–	–	–	–	–
Conditions still to be met - transferred to liabilities										
Other grant providers:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		–	–	–	–	–	–	–	–	–
Conditions still to be met - transferred to liabilities										
Total capital transfers and grants revenue		–	–	–	–	–	–	–	–	–
Total capital transfers and grants - CTBM	2	–	–	–	–	–	–	–	–	–
TOTAL TRANSFERS AND GRANTS REVENUE		–	–	95 407	–	–	–	–	–	–
TOTAL TRANSFERS AND GRANTS - CTBM		–	–	8 108	(4 003)	–	–	–	–	–

11.10 - Contributions and donations

Municipalities must budget for anticipated contributions and or donations. These could be in the form of cash or in kind. An example of an in kind contribution is Integrated National Electrification Programme (INEP) amount of R18.8 million given to Eskom to use in National Electrification on behalf of the municipality. Municipalities must consider the financial and service delivery consequences of receiving contributions and donations. For example, the receipt of an infrastructure asset will require ongoing repairs and maintenance of the asset to maintain agreed service levels and standards. The revenue implications should also be considered. In the above example of a new residential development there should also be new rates and taxes on the new residential properties. Whether the new rates and taxes are set at levels sufficient to cover the ongoing costs of the new infrastructure is a policy decision for the council.

The municipality anticipates no contributions and or donations for the coming budget year.

11.11 - Sale of assets

All disposals of municipal assets is controlled by requirements put forth in the MFMA. The municipality does not anticipate selling portions of surplus vacant land in the 2019/20 financial year. Should there be revenue from this sale MFMA requires that it should be utilized for once off maintenance to properties.

11.12 - Carry over

Provision for the carryover of cash from unfinished programs and projects from the 2018/19 financial year to the 2019/20 financial year will not be included in the budget that will be presented to council. Such unspent funds must be applied for by August 2019. As per circular 67 by National Treasury, such unspent funds will only be included in the budget through an adjustment budget after National Treasury has approved the use of such unspent funds. These funds were allocated to a specific purpose in previous financial years but for a variety of reasons the project will not be completed by the end of the financial year. At this stage the municipality does not anticipate having any unspent grant at the end of the 2018/19 financial year.

A full listing of all cash roll overs will be provided in an adjustment budget to be tabled after December 2019.

11.13 - Proposed Future Revenue Sources

Each year when preparing the budget, thought should be given to proposed future revenue sources that could be introduced. This section will highlight these, their potential impact on future budgets and any potential issues.

The largest single potential revenue source for the municipality is the collection of billed tariffs and rates. In addition, the completion of the valuation of property within the municipality is critical to the financial future. It is envisaged that new valuation roll will increase the amount to be collected from property rates.

11.14 - Borrowing

Enoch Mgijima Municipality does not at this stage anticipate taking up new loans for the 2019/2020 financial year, however a proposal will be made to council to consider taking a long-term loan to fund the 5 – Year Electrification Master Plan. Stringent measures must be put in place for the servicing of such funds should that happen.

11.15 - TABLE SA17 - New Borrowing

The table on the following page outlines anticipated payments to borrowings for the year. The amounts shown are the repayments of previously contracted long term loans which were paid up fully by 2015/16. This consists of one term loan, a drawn down akin to an overdraft and three finance leases all contracted in 2010/2011 financial year.

The municipality has not taken any new loan in the current year and does not intend taken one in the coming year. The existing annuity loans and the three finance leases has been fully paid up by 2016.

EC139 Enoch Mgijima - Supporting Table SA17 Borrowing

Borrowing - Categorised by type	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Parent municipality										
Annuity and Bullet Loans										
Long-Term Loans (non-annuity)										
Local registered stock										
Instalment Credit										
Financial Leases										
PPP liabilities										
Finance Granted By Cap Equipment Supplier										
Marketable Bonds										
Non-Marketable Bonds										
Bankers Acceptances										
Financial derivatives										
Other Securities										
Municipality sub-total	1	–	–	–	–	–	–	–	–	–
Entities										
Annuity and Bullet Loans										
Long-Term Loans (non-annuity)										
Local registered stock										
Instalment Credit										
Financial Leases										
PPP liabilities										
Finance Granted By Cap Equipment Supplier										
Marketable Bonds										
Non-Marketable Bonds										
Bankers Acceptances										
Financial derivatives										
Other Securities										
Entities sub-total	1	–	–	–	–	–	–	–	–	–
Total Borrowing	1	–	–	–	–	–	–	–	–	–

Unspent Borrowing - Categorised by type										
Parent municipality										
Long-Term Loans (annuity/reducing balance)										
Long-Term Loans (non-annuity)										
Local registered stock										
Instalment Credit										
Financial Leases										
PPP liabilities										
Finance Granted By Cap Equipment Supplier										
Marketable Bonds										
Non-Marketable Bonds										
Bankers Acceptances										
Financial derivatives										
Other Securities										
Municipality sub-total	1	–	–	–	–	–	–	–	–	–
Entities										
Long-Term Loans (annuity/reducing balance)										
Long-Term Loans (non-annuity)										
Local registered stock										
Instalment Credit										
Financial Leases										
PPP liabilities										
Finance Granted By Cap Equipment Supplier										
Marketable Bonds										
Non-Marketable Bonds										
Bankers Acceptances										
Financial derivatives										
Other Securities										
Entities sub-total	1	–	–	–	–	–	–	–	–	–
Total Unspent Borrowing	1	–	–	–	–	–	–	–	–	–

12. - Table SA 21 - Disclosure on Allocations Made by the Municipality

The municipality currently makes allocations to individuals in respect of services or goods delivered. This are paid out from grants paid vote. The municipality does not allocations to other municipalities.

EC139 Enoch Mgijima - Supporting Table SA21 Transfers and grants made by the municipality

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Cash Transfers to other municipalities											
Insert description	1										
Total Cash Transfers To Municipalities:		–	–	–	–	–	–	–	–	–	–
Cash Transfers to Entities/Other External Mechanisms											
	2										
Total Cash Transfers To Entities/Ems'		–	–	–	–	–	–	–	–	–	–
Cash Transfers to other Organs of State											
	3										
Total Cash Transfers To Other Organs Of State:		–	–	–	–	–	–	–	–	–	–
Cash Transfers to Organisations											
Eskom Fbs		–	–	–	–	–	–	–	4 752	5 009	5 264
Non Prof: Spca		–	–	100	159	159	159	–	–	–	–
Supply Desc		–	–	–	–	–	–	–	159	167	175
Total Cash Transfers To Organisations		–	–	100	159	159	159	–	4 911	5 176	5 440
Cash Transfers to Groups of Individuals											
Total Cash Transfers To Groups Of Individuals:		–	–	–	–	–	–	–	–	–	–
TOTAL CASH TRANSFERS AND GRANTS	6	–	–	100	159	159	159	–	4 911	5 176	5 440
Non-Cash Transfers to other municipalities											
	1										
Total Non-Cash Transfers To Municipalities:		–	–	–	–	–	–	–	–	–	–
Non-Cash Transfers to Entities/Other External Mechanisms											
	2										
Total Non-Cash Transfers To Entities/Ems'		–	–	–	–	–	–	–	–	–	–
Non-Cash Transfers to other Organs of State											
	3										
Total Non-Cash Transfers To Other Organs Of State:		–	–	–	–	–	–	–	–	–	–
Non-Cash Grants to Organisations											
	4										
Total Non-Cash Grants To Organisations		–	–	–	–	–	–	–	–	–	–
Groups of Individuals											
	5										
Total Non-Cash Grants To Groups Of Individuals:		–	–	–	–	–	–	–	–	–	–
TOTAL NON-CASH TRANSFERS AND GRANTS		–	–	–	–	–	–	–	–	–	–
TOTAL TRANSFERS AND GRANTS	6	–	–	100	159	159	159	–	4 911	5 176	5 440

13 Disclosure on Salaries, Allowances and Benefits

The tables on the following pages give the required listings of salaries, Allowances, and personnel as required by the MFMA.

13.1 TABLE SA23 - Salaries, Allowances and Benefits (Political Office bearers/councillors/senior managers)

13.2 - TABLE SA22 - Summary of councillor and staff benefits

13.3 - TABLE SA24 - Summary of Personnel Numbers

EC139 Enoch Mgijima - Supporting Table SA23 Salaries, allowances & benefits (political office bearers/councillors/senior managers)

Disclosure of Salaries, Allowances & Benefits 1. Rand per annum	Ref	No.	Salary	Contribution 1.	Allowances	Performance Bonuses	In-kind benefits	Total Package 2.
Councillors	3							
Speaker	4		440 000	65 000	215 000			720 000
Chief Whip			400 000	78 000	205 000			683 000
Executive Mayor			590 296	81 255	221 233			892 784
Deputy Executive Mayor			47 000	2 800	19 500			69 300
Executive Committee			3 000 000	267 925	1 427 000			4 694 925
Total for all other councillors			12 000 000	1 460 000	6 650 000			20 110 000
Total Councillors	8	–	16 477 296	1 954 980	8 737 733			27 170 009
Senior Managers of the Municipality	5							
Municipal Manager (MM)			1 388 436	1 785	38 520	115 703		1 544 443
Chief Finance Officer			1 115 718	1 785	153 600	100 000		1 371 102
OTHER ALLOWANCE			987 535	1 785	275 744	100 000		1 365 064
SM COMM			987 535	1 785	275 744	100 000		1 365 064
SM CORP			987 535	1 785	275 744	100 000		1 365 064
SM D03			987 535	1 785	275 744	100 000		1 365 064
SM D04			1 002 869	1 785	275 744	100 000		1 380 398
SM H-SET			794 463	1 785	277 912	89 413		1 163 572
SM HUM SETT			987 535	1 785	275 744	100 000		1 365 064
SM IPED			987 535	1 785	234 333	100 000		1 323 653
SM TECH			987 535	1 785	275 744	100 000		1 365 064
								–
List of each offical with packages >= senior manager								
								–
								–
								–
								–
								–
								–
								–
								–
								–
								–
								–
								–
Total Senior Managers of the Municipality	8,10	–	11 214 232	19 632	2 634 573	1 105 116		14 973 552

EC139 Enoch Mgijima - Supporting Table SA22 Summary councillor and staff benefits

Summary of Employee and Councillor remuneration	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
	1	A	B	C	D	E	F	G	H	I
Councillors (Political Office Bearers plus Other)										
Basic Salaries and Wages		–	–	12 461	26 435	15 887	15 887	15 887	16 819	17 965
Pension and UIF Contributions		–	–	1 057	–	1 325	1 325	1 325	1 325	1 325
Medical Aid Contributions		–	–	(755)	2 068	548	548	548	548	548
Motor Vehicle Allowance		–	–	1 385	–	1 392	1 392	1 392	1 392	1 392
Cellphone Allowance		–	–	2 677	–	3 018	3 018	3 018	3 018	3 018
Housing Allowances		–	–	–	–	–	–	–	–	–
Other benefits and allowances		–	–	3 476	–	4 107	4 107	4 107	4 107	4 107
Sub Total - Councillors		–	–	20 300	28 503	26 277	26 277	26 277	27 209	28 355
% increase	4		–	–	40.4%	(7.8%)	–	–	3.5%	4.2%
Senior Managers of the Municipality	2									
Basic Salaries and Wages		–	–	3 323	54 465	4 919	4 919	–	–	–
Pension and UIF Contributions		–	–	407	4 607	2 838	2 838	502	536	571
Medical Aid Contributions		–	–	80	4 086	1 988	1 988	–	–	–
Overtime		–	–	–	361	173	173	–	–	–
Performance Bonus		–	–	90	3 883	2 338	2 338	260	278	296
Motor Vehicle Allowance	3	–	–	265	2 310	669	669	–	–	–
Cellphone Allowance	3	–	–	11	67	39	39	16	16	16
Housing Allowances	3	–	–	2	193	70	70	–	–	–
Other benefits and allowances	3	–	–	–	357	194	194	–	–	–
Payments in lieu of leave										
Long service awards										
Post-retirement benefit obligations	6									
Sub Total - Senior Managers of Municipality		–	–	4 179	70 329	13 228	13 228	777	829	883
% increase	4		–	–	1 583.1%	(81.2%)	–	(94.1%)	6.7%	6.5%
Other Municipal Staff										
Basic Salaries and Wages		–	–	164 129	126 692	181 402	181 402	190 614	197 615	210 577
Pension and UIF Contributions		–	–	24 184	22 651	30 811	30 811	27 471	22 616	23 473
Medical Aid Contributions		–	–	24 380	9 137	13 622	13 622	14 997	14 308	15 252
Overtime		–	–	9 811	9 831	9 770	9 770	7 946	8 344	8 891
Performance Bonus		–	–	11 397	9 723	11 449	11 449	14 077	15 888	16 937
Motor Vehicle Allowance	3	–	–	7 355	5 226	9 077	9 077	10 138	10 138	10 138
Cellphone Allowance	3	–	–	29	394	–	–	379	379	379
Housing Allowances	3	–	–	548	352	398	398	546	546	546
Other benefits and allowances	3	–	–	3 553	2 516	3 500	3 500	2 465	2 565	2 673
Payments in lieu of leave		–	–	(571)	–	–	–	–	–	–
Long service awards		–	–	635	–	–	–	–	–	–
Post-retirement benefit obligations	6									
Sub Total - Other Municipal Staff		–	–	245 451	186 521	260 029	260 029	268 632	272 398	288 865
% increase	4		–	–	(24.0%)	39.4%	–	3.3%	1.4%	6.0%
Total Parent Municipality		–	–	269 929	285 354	299 534	299 534	295 687	300 436	318 103

EC139 Enoch Mgijima - Supporting Table SA24 Summary of personnel numbers

Summary of Personnel Numbers	Ref	2017/18			Current Year 2018/19			Budget Year 2019/20		
Number	1,2	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
Municipal Council and Boards of Municipal Entities										
Councillors (Political Office Bearers plus Other Councillors)		68	–	68	68	–	68	68	–	68
Board Members of municipal entities	4									
Municipal employees	5									
Municipal Manager and Senior Managers	3	8		8	8	–	8	8	–	8
Other Managers	7									
Professionals		*561*	*547*	*12*	*452*	*419*	*33*	*452*	*419*	*33*
Finance		65	63	2	50	50	–	50	50	–
Spatial/town planning		46	42	2	34	34	–	34	34	–
Information Technology		4	4		4	4		4	4	
Roads		55	55		9	9		9	9	
Electricity		50	50		59	50	9	59	50	9
Water										
Sanitation										
Refuse		117	117		47	47		47	47	
Other		224	216	8	249	225	24	249	225	24
Technicians		–	–	–	–	–	–	–	–	–
Finance										
Spatial/town planning										
Information Technology										
Roads										
Electricity										
Water										
Sanitation										
Refuse										
Other										
Clerks (Clerical and administrative)		183	183	–	187	187	–	187	187	–
Service and sales workers										
Skilled agricultural and fishery workers										
Craft and related trades										
Plant and Machine Operators										
Elementary Occupations										
TOTAL PERSONNEL NUMBERS	9	820	730	88	715	606	109	715	606	109
% increase					(12.8%)	(17.0%)	23.9%	–	–	–
Total municipal employees headcount	6, 10	820	730	88	715	606	109	715	606	109
Finance personnel headcount	8, 10	51	48	3	61	60	1	61	60	1
Human Resources personnel headcount	8, 10	22	19	3	23	22	1	23	22	1

14. Monthly Budgeted Cash flows

Table SA 25 - Budgeted monthly revenue and expenditure

Table SA 26 - Budgeted monthly revenue and expenditure (Municipal Vote)

Table SA 27 - Budgeted monthly revenue and expenditure (Standard Classification)

Table SA 28 - Budgeted monthly capital expenditure (Municipal Vote)

Table SA 29 - Budgeted monthly capital expenditure (Standard Classification)

Table SA 30 - Budgeted Monthly cash flow

The table on the following pages presents a monthly cash flow for the municipality over the next financial year.

EC139 Enoch Mgijima - Supporting Table SA25 Budgeted monthly revenue and expenditure

Description	Ref	Budget Year 2019/20												Medium Term Revenue and Expenditure Framework		
R thousand		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Revenue By Source																
Property rates		100 608	(855)	(855)	(855)	(855)	(855)	(855)	(855)	(855)	(855)	(721)	8 981	101 170	109 431	114 903
Service charges - electricity revenue		31 952	35 517	(1 390)	19 797	3 801	2 787	81 141	24 735	20 390	31 178	(1 344)	12 180	260 745	271 231	285 785
Service charges - water revenue													–	–	–	–
Service charges - sanitation revenue		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Service charges - refuse revenue		4 006	3 999	4 006	4 011	(1 204)	(1 206)	14 463	3 929	3 966	4 161	8 724	3 763	52 619	53 874	55 619
Rental of facilities and equipment		294	294	298	306	17	9	844	286	299	296	81	48	3 071	3 121	3 471
Interest earned - external investments		61	364	38	64	200	302	306	134	255	879	122	132	2 856	2 976	3 106
Interest earned - outstanding debtors		1 165	1 192	1 456	1 375	282	282	6 334	3 048	3 051	2 890	1 331	902	23 307	24 626	25 631
Dividends received													–	–	–	–
Fines, penalties and forfeits		235	532	76	224	422	163	486	187	88	150	141	282	2 986	3 195	3 220
Licences and permits		461	436	385	487	453	211	438	383	431	406	562	409	5 062	5 385	5 591
Agency services		41	43	20	21	25	–	334	109	23	3 763	523	78	4 981	5 212	6 212
Transfers and subsidies		3 520	11 158	3 520	3 520	3 520	3 520	13 407	7 427	75 075	3 520	3 520	64 679	196 385	202 090	214 578
Other revenue		983	2 171	530	321	260	1 777	706	1 051	9 746	244	243	540	18 573	18 493	19 120
Gains on disposal of PPE		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total Revenue (excluding capital transfers and cont		143 326	54 851	8 083	29 271	6 920	6 989	117 604	40 434	112 469	46 631	13 181	91 994	671 754	699 634	737 236
Expenditure By Type																
Employee related costs		19 977	23 559	21 168	21 394	20 934	24 817	20 661	22 517	23 790	22 597	21 884	26 110	269 409	273 227	289 748
Remuneration of councillors		2 053	2 055	2 065	2 077	2 049	2 046	2 083	2 266	2 456	2 144	2 443	2 540	26 277	27 209	28 355
Debt impairment		6 310	6 310	6 310	6 310	6 310	6 310	6 310	6 310	6 310	6 310	6 310	6 340	75 753	76 556	77 399
Depreciation & asset impairment		4 442	4 442	4 442	4 442	4 442	4 442	4 442	4 442	4 442	4 442	4 442	4 463	53 326	54 015	55 392
Finance charges		–	–	–	106	–	3	18	–	23	–	1	1 350	1 500	1 500	1 500
Bulk purchases		–	178	5 229	–	–	48 657	157 342	–	33 377	–	–	9 036	253 818	267 521	277 162
Other materials		872	16	219	260	680	812	201	40	449	399	2 142	1 363	7 453	7 870	7 902
Contracted services		590	326	1 670	4 186	3 871	2 209	1 727	1 724	2 900	2 158	2 073	6 762	30 195	34 536	36 007
Transfers and subsidies		409	409	409	409	409	409	409	409	409	409	409	409	4 911	5 176	5 440
Other expenditure		1 392	2 332	9 174	3 816	3 244	1 927	6 369	2 026	2 258	3 678	3 397	7 375	46 987	49 753	51 697
Loss on disposal of PPE		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total Expenditure		36 045	39 627	50 688	43 000	41 938	91 633	199 563	39 734	76 414	42 137	43 102	65 749	769 630	797 363	830 601
Surplus/(Deficit)		107 281	15 224	(42 604)	(13 729)	(35 018)	(84 644)	(81 959)	700	36 054	4 494	(29 921)	26 244	(97 877)	(97 730)	(93 364)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		4 903	4 903	4 903	4 903	4 903	4 903	4 903	4 903	4 903	4 903	4 903	4 926	58 854	67 022	78 530
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educational Institutions)													–	–	–	–
Transfers and subsidies - capital (in-kind - all)		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions		112 184	20 127	(37 702)	(8 826)	(30 115)	(79 741)	(77 056)	5 603	40 957	9 397	(25 019)	31 171	(39 022)	(30 707)	(14 834)
Taxation													–	–	–	–
Attributable to minorities													–	–	–	–
Share of surplus/ (deficit) of associate													–	–	–	–
Surplus/(Deficit)	1	112 184	20 127	(37 702)	(8 826)	(30 115)	(79 741)	(77 056)	5 603	40 957	9 397	(25 019)	31 171	(39 022)	(30 707)	(14 834)

EC139 Enoch Mgijima - Supporting Table SA26 Budgeted monthly revenue and expenditure (municipal vote)

Description	Ref	Budget Year 2019/20												Medium Term Revenue and Expenditure Framework		
R thousand		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Revenue by Vote																
Vote 01 - Municipal Manager		–	–	0	–	–	–	1 687	2 023	–	–	–	712	4 422	–	–
Vote 02 - Administration & Human Resources		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 03 - Budget & Treasury		101 121	9 242	(344)	(311)	(638)	(177)	10 178	2 685	8 749	1 225	245	9 593	141 568	150 712	158 273
Vote 04 - Council Administration		369	0	0	2	–	–	1	0	71 555	2	0	57 699	129 628	129 628	129 628
Vote 05 - Community Services		8 035	8 082	8 108	8 139	2 576	2 541	20 050	8 868	8 629	8 837	12 528	7 572	103 967	105 720	118 886
Vote 06 - Technical Services		36 684	40 242	3 604	24 768	8 641	7 307	87 571	29 558	25 750	36 306	3 414	19 648	323 492	356 238	383 812
Vote 07 - Control Room Services		1 108	1 275	700	651	609	1 595	1 555	1 297	1 776	4 255	1 197	1 027	17 043	18 340	21 700
Vote 08 - Iped		96	96	96	96	96	96	96	96	96	96	96	96	1 150	–	–
Vote 09 - Human Settlements		817	817	821	829	539	531	1 369	810	817	814	603	573	9 339	6 019	3 469
Vote 10 - Vote 10		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 11 - Vote 11		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 12 - Vote 12		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 13 - Vote 13		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 14 - Vote 14		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 15 - Other		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total Revenue by Vote		148 229	59 754	12 986	34 173	11 823	11 892	122 507	45 336	117 371	51 534	18 083	96 920	730 608	766 656	815 766
Expenditure by Vote to be appropriated																
Vote 01 - Municipal Manager		2 461	2 502	2 554	2 816	2 686	2 463	2 770	2 674	3 375	2 889	2 341	4 308	33 840	36 553	38 230
Vote 02 - Administration & Human Resources		1 406	1 781	1 740	1 860	1 859	1 823	2 002	1 797	2 004	1 911	1 401	1 561	21 145	22 353	23 579
Vote 03 - Budget & Treasury		7 375	8 048	10 920	10 199	9 086	8 697	9 036	8 888	9 071	9 137	8 095	14 499	113 049	119 516	121 979
Vote 04 - Council Administration		2 830	3 583	4 293	4 236	3 489	2 943	4 505	3 072	3 360	3 627	3 880	4 577	44 395	42 565	43 803
Vote 05 - Community Services		6 596	6 934	6 694	6 844	6 955	7 011	6 640	7 080	7 601	7 239	9 593	10 630	89 817	94 448	100 503
Vote 06 - Technical Services		9 799	10 642	18 225	10 329	10 928	61 748	168 090	10 159	44 013	10 366	11 710	19 964	385 975	396 720	414 986
Vote 07 - Control Room Services		3 328	3 688	3 792	4 109	3 947	4 371	4 115	3 600	4 221	4 434	3 893	5 909	49 407	51 581	54 449
Vote 08 - Iped		588	681	708	754	767	770	738	759	873	813	546	1 068	9 064	9 014	9 490
Vote 09 - Human Settlements		1 663	1 768	1 762	1 852	2 221	1 807	1 665	1 705	1 897	1 721	1 641	3 233	22 937	24 615	23 581
Vote 10 - Vote 10		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 11 - Vote 11		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 12 - Vote 12		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 13 - Vote 13		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 14 - Vote 14		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 15 - Other		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total Expenditure by Vote		36 045	39 627	50 688	43 000	41 938	91 633	199 563	39 734	76 414	42 137	43 102	65 749	769 630	797 363	830 601
Surplus/(Deficit) before assoc.		112 184	20 127	(37 702)	(8 826)	(30 115)	(79 741)	(77 056)	5 603	40 957	9 397	(25 019)	31 171	(39 022)	(30 707)	(14 834)
Taxation													–	–	–	–
Attributable to minorities													–	–	–	–
Share of surplus/ (deficit) of associate													–	–	–	–
Surplus/(Deficit)	1	112 184	20 127	(37 702)	(8 826)	(30 115)	(79 741)	(77 056)	5 603	40 957	9 397	(25 019)	31 171	(39 022)	(30 707)	(14 834)

EC139 Enoch Mgijima - Supporting Table SA27 Budgeted monthly revenue and expenditure (functional classification)

Description	Ref	Budget Year 2019/20												Medium Term Revenue and Expenditure Framework		
R thousand		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Revenue - Functional																
Governance and administration		101 820	9 566	(8)	20	(581)	(138)	12 811	5 036	80 649	1 554	359	70 883	281 971	286 903	295 039
Executive and council		369	0	0	2	–	–	1 688	2 023	71 555	2	0	58 411	134 050	129 628	129 628
Finance and administration		101 451	9 565	(8)	19	(581)	(138)	11 123	3 014	9 094	1 552	359	12 472	147 921	157 275	165 411
Internal audit													–	–	–	–
Community and public safety		3 580	3 793	3 232	3 194	3 051	4 003	4 056	3 908	4 225	6 720	3 659	3 488	46 910	46 304	50 839
Community and social services		1 492	1 537	1 540	1 549	1 460	1 425	1 520	1 622	1 468	1 479	1 480	1 474	18 046	13 401	11 589
Sport and recreation		995	996	1 006	1 008	996	998	995	1 003	995	1 001	995	1 002	11 992	14 745	17 745
Public safety		1 093	1 260	686	636	595	1 580	1 540	1 282	1 762	4 240	1 183	1 012	16 872	18 158	21 505
Housing													–	–	–	–
Health													–	–	–	–
Economic and environmental services		1 629	1 633	1 630	1 637	1 640	1 633	1 631	1 630	1 641	1 637	1 629	1 636	19 605	22 697	23 075
Planning and development		96	96	96	96	96	96	96	96	96	96	96	96	1 150	–	–
Road transport		1 533	1 533	1 533	1 533	1 533	1 533	1 533	1 533	1 537	1 537	1 533	1 540	18 409	22 631	23 009
Environmental protection		–	4	2	8	11	4	2	2	7	4	–	–	45	66	66
Trading services		41 200	44 762	8 131	29 322	7 713	6 394	104 009	34 762	30 856	41 622	12 436	20 913	382 120	410 749	446 811
Energy sources		35 106	38 667	2 016	23 187	7 066	5 749	85 919	27 981	24 152	34 724	1 862	15 290	301 718	330 094	357 076
Water management													–	–	–	–
Waste water management		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Waste management		6 094	6 095	6 115	6 136	647	645	18 090	6 780	6 704	6 898	10 574	5 622	80 402	80 655	89 734
Other		0	0	0	0	–	–	–	0	0	0	0	0	3	3	3
Total Revenue - Functional		148 229	59 754	12 986	34 173	11 823	11 892	122 507	45 336	117 371	51 534	18 083	96 920	730 608	766 656	815 766
Expenditure - Functional																
Governance and administration		18 058	19 943	23 725	23 781	21 872	23 213	23 778	20 090	22 303	21 823	19 407	32 719	270 710	281 826	289 369
Executive and council		5 291	6 085	6 847	7 053	6 176	5 405	7 276	5 746	6 735	6 516	6 222	8 885	78 235	79 118	82 033
Finance and administration		12 767	13 858	16 878	16 728	15 696	17 807	16 502	14 345	15 568	15 307	13 185	23 834	192 476	202 709	207 336
Internal audit													–	–	–	–
Community and public safety		4 630	5 242	5 023	5 221	5 298	5 438	5 250	5 162	5 700	5 652	8 224	8 532	69 371	71 897	76 228
Community and social services		718	849	868	769	850	773	802	777	810	769	3 516	3 439	14 939	15 814	16 737
Sport and recreation		1 261	1 596	1 442	1 537	1 498	1 595	1 458	1 551	1 955	1 636	1 570	1 644	18 745	18 970	20 187
Public safety		2 650	2 797	2 713	2 915	2 949	3 070	2 991	2 833	2 936	3 247	3 138	3 449	35 687	37 113	39 305
Housing													–	–	–	–
Health													–	–	–	–
Economic and environmental services		5 728	6 336	6 127	5 809	6 181	6 343	5 413	5 667	6 102	5 158	6 801	6 770	72 436	66 607	70 923
Planning and development		588	681	708	754	767	770	738	759	873	813	546	1 068	9 064	9 014	9 490
Road transport		5 061	5 561	5 333	4 966	5 326	5 476	4 582	4 804	5 120	4 249	6 164	5 578	62 221	56 469	60 237
Environmental protection		79	94	86	88	88	98	92	104	109	96	91	124	1 150	1 124	1 196
Trading services		7 619	8 083	15 801	8 177	8 575	56 626	165 109	8 802	42 296	9 491	8 658	17 718	356 955	376 876	393 912
Energy sources		3 368	3 888	11 651	3 827	4 172	52 209	160 954	4 347	37 735	4 917	4 415	12 534	304 014	320 167	333 498
Water management													–	–	–	–
Waste water management		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Waste management		4 251	4 195	4 150	4 351	4 403	4 417	4 155	4 455	4 561	4 575	4 243	5 184	52 940	56 709	60 414
Other		11	23	12	12	12	13	13	13	14	14	11	11	159	157	167
Total Expenditure - Functional		36 045	39 627	50 688	43 000	41 938	91 633	199 563	39 734	76 414	42 137	43 102	65 749	769 630	797 363	830 601
Surplus/(Deficit) before assoc.		112 184	20 127	(37 702)	(8 826)	(30 115)	(79 741)	(77 056)	5 603	40 957	9 397	(25 019)	31 171	(39 022)	(30 707)	(14 834)
Share of surplus/ (deficit) of associate													–	–	–	–
Surplus/(Deficit)	1	112 184	20 127	(37 702)	(8 826)	(30 115)	(79 741)	(77 056)	5 603	40 957	9 397	(25 019)	31 171	(39 022)	(30 707)	(14 834)

EC139 Enoch Mgijima - Supporting Table SA28 Budgeted monthly capital expenditure (municipal vote)

Description	Ref	Budget Year 2019/20												Medium Term Revenue and Expenditure Framework		
R thousand		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Multi-year expenditure *to be appropriated*	1															
Vote 01 - Municipal Manager		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 02 - Administration & Human Resources		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 03 - Budget & Treasury		100	100	100	100	100	100	100	100	100	100	100	100	1 200	1 700	1 900
Vote 04 - Council Administration		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 05 - Community Services		1 881	1 881	1 881	1 881	1 881	1 881	1 881	1 881	1 881	1 881	1 881	1 890	22 586	23 200	33 774
Vote 06 - Technical Services		2 403	2 403	2 403	2 403	2 403	2 403	2 403	2 403	2 403	2 403	2 403	2 415	28 848	40 922	43 256
Vote 07 - Control Room Services		–	–	–	–	–	–	–	–	–	–	–	–	–	–	1 500
Vote 08 - Iped		96	96	96	96	96	96	96	96	96	96	96	96	1 150	–	–
Vote 09 - Human Settlements		522	522	522	522	522	522	522	522	522	522	522	525	6 270	2 900	–
Vote 10 - Vote 10		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 11 - Vote 11		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 12 - Vote 12		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 13 - Vote 13		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 14 - Vote 14		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 15 - Other		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Capital multi-year expenditure sub-total	2	5 003	5 003	5 003	5 003	5 003	5 003	5 003	5 003	5 003	5 003	5 003	5 027	60 054	68 722	80 430
Single-year expenditure *to be appropriated*																
Vote 01 - Municipal Manager		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 02 - Administration & Human Resources		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 03 - Budget & Treasury		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 04 - Council Administration		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 05 - Community Services		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 06 - Technical Services		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 07 - Control Room Services		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 08 - Iped		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 09 - Human Settlements		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 10 - Vote 10		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 11 - Vote 11		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 12 - Vote 12		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 13 - Vote 13		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 14 - Vote 14		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 15 - Other		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Capital single-year expenditure sub-total	2	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total Capital Expenditure	2	5 003	5 003	5 003	5 003	5 003	5 003	5 003	5 003	5 003	5 003	5 003	5 027	60 054	68 722	80 430

EC139 Enoch Mgijima - Supporting Table SA29 Budgeted monthly capital expenditure (functional classification)

Description	Ref	Budget Year 2019/20												Medium Term Revenue and Expenditure Framework		
R thousand		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Capital Expenditure - Functional	1															
Governance and administration		100	100	100	100	100	100	100	100	100	100	100	100	1 200	1 700	1 900
Executive and council		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Finance and administration		100	100	100	100	100	100	100	100	100	100	100	100	1 200	1 700	1 900
Internal audit													–	–	–	–
Community and public safety		1 904	1 904	1 904	1 904	1 904	1 904	1 904	1 904	1 904	1 904	1 904	1 913	22 856	21 600	24 287
Community and social services		909	909	909	909	909	909	909	909	909	909	909	913	10 910	6 900	5 087
Sport and recreation		995	995	995	995	995	995	995	995	995	995	995	1 000	11 946	14 700	17 700
Public safety		–	–	–	–	–	–	–	–	–	–	–	–	–	–	1 500
Housing													–	–	–	–
Health													–	–	–	–
Economic and environmental services		1 629	1 629	1 629	1 629	1 629	1 629	1 629	1 629	1 629	1 629	1 629	1 636	19 550	22 622	23 000
Planning and development		96	96	96	96	96	96	96	96	96	96	96	96	1 150	–	–
Road transport		1 533	1 533	1 533	1 533	1 533	1 533	1 533	1 533	1 533	1 533	1 533	1 540	18 400	22 622	23 000
Environmental protection													–	–	–	–
Trading services		1 370	1 370	1 370	1 370	1 370	1 370	1 370	1 370	1 370	1 370	1 370	1 377	16 448	22 800	31 243
Energy sources		870	870	870	870	870	870	870	870	870	870	870	874	10 448	18 300	20 256
Water management													–	–	–	–
Waste water management		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Waste management		500	500	500	500	500	500	500	500	500	500	500	502	6 000	4 500	10 987
Other													–	–	–	–
Total Capital Expenditure - Functional	2	5 003	5 003	5 003	5 003	5 003	5 003	5 003	5 003	5 003	5 003	5 003	5 027	60 054	68 722	80 430
Funded by:																
National Government		4 903	4 903	4 903	4 903	4 903	4 903	4 903	4 903	4 903	4 903	4 903	4 926	58 854	67 022	78 530
Provincial Government		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
District Municipality		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Other transfers and grants													–	–	–	–
Transfers recognised - capital		4 903	4 903	4 903	4 903	4 903	4 903	4 903	4 903	4 903	4 903	4 903	4 926	58 854	67 022	78 530
Borrowing													–	–	–	–
Internally generated funds		100	100	100	100	100	100	100	100	100	100	100	100	1 200	1 700	1 900
Total Capital Funding		5 003	5 003	5 003	5 003	5 003	5 003	5 003	5 003	5 003	5 003	5 003	5 027	60 054	68 722	80 430

EC139 Enoch Mgijima - Supporting Table SA30 Budgeted monthly cash flow

MONTHLY CASH FLOWS	Budget Year 2019/20												Medium Term Revenue and Expenditure Framework		
R thousand	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Cash Receipts By Source													1		
Property rates	6 125	4 889	5 550	5 030	4 865	5 059	4 250	4 880	5 330	4 650	5 186	5 789	61 603	68 215	74 217
Service charges - electricity revenue	17 950	18 418	18 950	18 555	24 600	19 444	19 750	17 618	19 400	18 215	19 600	17 982	230 483	250 629	254 452
Service charges - water revenue												–	–		
Service charges - sanitation revenue												–	–		
Service charges - refuse revenue	1 373	1 544	1 353	1 160	1 550	1 253	1 652	1 227	1 498	1 474	1 455	1 508	17 048	20 900	22 974
Rental of facilities and equipment	206	206	206	206	206	206	206	206	206	206	206	631	2 897	3 041	3 193
Interest earned - external investments	238	238	238	238	238	238	238	238	238	238	238	238	2 856	3 284	4 777
Interest earned - outstanding debtors	361	361	361	361	361	361	361	361	361	361	361	(1 178)	2 797	4 423	4 688
Dividends received												–	–		
Fines, penalties and forfeits	249	249	249	249	249	249	249	249	249	249	249	249	2 986	3 135	3 261
Licences and permits	422	422	422	422	422	422	422	422	422	422	422	422	5 062	5 214	5 370
Agency services	415	415	415	415	415	415	415	415	415	415	415	415	4 981	5 180	5 336
Transfer receipts - operational	77 200				52 600				66 756			–	196 556	202 272	214 773
Other revenue	1 534	1 534	1 534	1 534	1 534	1 534	1 534	1 534	1 534	1 534	1 534	3 534	20 402	20 310	31 925
Cash Receipts by Source	106 072	28 276	29 278	28 170	87 040	29 181	29 076	27 149	96 409	27 764	29 666	29 589	547 670	586 604	624 965
Other Cash Flows by Source															
Transfer receipts - capital	21 200				17 610				20 044			–	58 854	67 022	78 530
Decrease (increase) in non-current investments												–			
Total Cash Receipts by Source	127 272	28 276	29 278	28 170	104 650	29 181	29 076	27 149	116 454	27 764	29 666	29 589	606 525	653 626	703 495
Cash Payments by Type															
Employee related costs	22 451	22 451	22 451	22 451	22 451	22 451	22 451	22 451	22 451	22 451	22 451	22 451	269 409	273 227	289 748
Remuneration of councillors	2 190	2 190	2 190	2 190	2 190	2 190	2 190	2 190	2 190	2 190	2 190	2 190	26 277	30 209	32 355
Finance charges	125	125	125	125	125	125	125	125	125	125	125	125	1 500	1 500	1 500
Bulk purchases - Electricity	36 713	10 000	10 000	10 000	35 212	10 000	10 000	10 000	35 212	10 000	10 000	13 424	200 561	226 000	243 162
Bulk purchases - Water & Sewer												–			
Other materials	621	621	621	621	621	621	621	621	621	621	621	622	7 453	7 870	7 902
Contracted services	1 016	1 016	1 016	1 016	1 016	1 016	1 016	1 016	1 016	1 016	1 016	1 017	12 195	12 536	13 007
Transfers and grants - other municipalities	–	–	–	–	–	–	–	–	–	–	–	–	–		
Transfers and grants - other	13	13	13	13	13	13	13	13	13	13	13	13	159	167	175
Other expenditure	664	664	664	664	664	664	664	664	664	664	664	364	7 667	11 753	12 697
Cash Payments by Type	63 793	37 080	37 080	37 080	62 292	37 080	37 080	37 080	62 292	37 080	37 080	40 205	525 223	563 262	600 546
Other Cash Flows/Payments by Type															
Capital assets	1 755	6 820	5 500	5 330	6 544	2 950	3 600	4 852	6 800	1 740	7 320	6 843	60 054	68 722	80 430
Repayment of borrowing												–			
Other Cash Flows/Payments	1 763	1 763	1 763	1 763	1 763	1 763	1 763	1 763	1 763	1 763	1 763	1 763	21 159	21 608	22 416
Total Cash Payments by Type	67 312	45 663	44 343	44 173	70 600	41 793	42 443	43 695	70 855	40 583	46 163	48 812	606 436	653 592	703 391
NET INCREASE/(DECREASE) IN CASH HELD	59 960	(17 388)	(15 066)	(16 003)	34 051	(12 613)	(13 367)	(16 546)	45 598	(12 819)	(16 497)	(19 222)	89	34	104
Cash/cash equivalents at the month/year begin:	905	60 866	43 478	28 413	12 410	46 460	33 848	20 481	3 935	49 533	36 714	20 216	905	994	1 028
Cash/cash equivalents at the month/year end:	60 866	43 478	28 413	12 410	46 460	33 848	20 481	3 935	49 533	36 714	20 216	994	994	1 028	1 131

15 Measurable Performance Objectives (Revenue Source and Vote)

Provided in the following pages are summaries of annual measurable performance objectives for each vote. Also included is revenue by source and vote in Table 10. Annual performance objectives must be converted into quarterly targets for the Service Delivery and Budget Implementation Plan (SDBIP) and will be audited in terms of the annual performance report required by the Systems Act (refer also to chapters 2 and 5 of the annual report as per MFMA circular 11).

EC139 Enoch Mgijima - Supporting Table SA2 Matrix Financial Performance Budget (revenue source/expenditure type and dept.)

Description	Ref	Vote 01 - Municipal Manager	Vote 02 - Administration & Human Resources	Vote 03 - Budget & Treasury	Vote 04 - Council Administration	Vote 05 - Community Services	Vote 06 - Technical Services	Vote 07 - Control Room Services	Vote 08 - Iped	Vote 09 - Human Settlements	Vote 10 - Vote 10	Vote 11 - Vote 11	Vote 12 - Vote 12	Vote 13 - Vote 13	Vote 14 - Vote 14	Vote 15 - Other	Total
R thousand	1																
Revenue By Source																	
Property rates		–	–	101 170	–	–	–	–	–	–	–	–	–	–	–	–	101 170
Service charges - electricity revenue		–	–	–	–	–	260 745	–	–	–	–	–	–	–	–	–	260 745
Service charges - water revenue		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Service charges - sanitation revenue		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Service charges - refuse revenue		–	–	–	–	52 619	–	–	–	–	–	–	–	–	–	–	52 619
Rental of facilities and equipment		–	–	–	–	1	13	1	–	3 057	–	–	–	–	–	–	3 071
Interest earned - external investments		–	–	2 856	–	–	–	–	–	–	–	–	–	–	–	–	2 856
Interest earned - outstanding debtors		–	–	9 536	–	5 566	8 205	–	–	–	–	–	–	–	–	–	23 307
Dividends received		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Fines, penalties and forfeits		–	–	–	–	–	1 050	1 936	–	–	–	–	–	–	–	–	2 986
Licences and permits		–	–	–	–	–	–	5 062	–	–	–	–	–	–	–	–	5 062
Agency services		–	–	–	–	–	–	4 981	–	–	–	–	–	–	–	–	4 981
Other revenue		–	–	10 259	374	1 728	1 136	5 064	–	12	–	–	–	–	–	–	18 573
Transfers and subsidies		4 422	–	17 747	129 254	21 467	23 495	–	–	–	–	–	–	–	–	–	196 385
Gains on disposal of PPE		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total Revenue (excluding capital transfers and cont		4 422	–	141 568	129 628	81 380	294 644	17 043	–	3 069	–	–	–	–	–	–	671 754
Expenditure By Type																	
Employee related costs		25 492	19 556	33 881	3 035	68 453	61 385	39 412	8 140	10 056							269 409
Remuneration of councillors		–	–	–	26 277	–	–	–	–	–	–	–	–	–	–	–	26 277
Debt impairment		–	–	54 565	–	14 358	6 829	–	–	–	–	–	–	–	–	–	75 753
Depreciation & asset impairment		5 166	–	–	–	–	38 606	–	–	9 553	–	–	–	–	–	–	53 326
Finance charges		–	–	1 500	–	–	–	–	–	–	–	–	–	–	–	–	1 500
Bulk purchases		–	–	–	–	–	253 818	–	–	–	–	–	–	–	–	–	253 818
Other materials		43	19	30	–	907	5 140	1 188	–	128	–	–	–	–	–	–	7 453
Contracted services		584	500	10 227	1 690	1 487	6 696	5 931	500	2 580	–	–	–	–	–	–	30 195
Transfers and subsidies		–	–	4 911	–	–	–	–	–	–	–	–	–	–	–	–	4 911
Other expenditure		2 555	1 071	7 935	13 393	4 612	13 500	2 877	425	620	–	–	–	–	–	–	46 987
Loss on disposal of PPE		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total Expenditure		33 840	21 145	113 049	44 395	89 817	385 975	49 407	9 064	22 937	–	–	–	–	–	–	769 630
Surplus/(Deficit)		(29 418)	(21 145)	28 519	85 233	(8 437)	(91 331)	(32 364)	(9 064)	(19 868)	–	–	–	–	–	–	(97 877)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)				–		22 586	28 848	–	1 150	6 270							58 854
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educational Institutions)				–													–
Transfers and subsidies - capital (in-kind - all)							–										–
Surplus/(Deficit) after capital transfers & contributions		(29 418)	(21 145)	28 519	85 233	14 149	(62 483)	(32 364)	(7 914)	(13 598)	–	–	–	–	–	–	(39 022)

16 Disclosure on Implementation of MFMA & Other Legislation

The MFMA (Municipal Finance Management Act) became effective July 1st of 2004. Most of the requirements of the act took effect immediately; however, various delays were given to certain sections of the act based on the 'capacity' of the municipality as was determined by National Treasury. All local municipalities were classified as either a high, medium or low capacity municipality with each level given different implementation dates for the various delayed sections.

Enoch Mgijima Municipality is classified as a medium capacity municipality and was required to meet the implementation dates put forth for medium capacity municipalities.

A MFMA implementation plan was developed to assist the municipality in implementing the required changes by the deadlines given. With only a few exceptions all sections of the MFMA were required to be implemented by the former 3 municipalities by July 1st of 2006. That deadline was met with the establishment of the Budget & Treasury Office and a supply chain management unit.

Many of the major changes required by the act have already been implemented by the municipality. Some of these include adoption and implementation of a new supply chain policy and establishment of a supply chain unit, the establishment of a budget and treasury office within the finance directorate, the adoption of various policies and procedures including policies for cash and investments, delegations within the organization, establishment of a new audit committee, policy on unforeseen and unexpected expenditures and other administrative requirements.

The budget and how it must be designed, funded and reported on is a very big part of MFMA implementation. Requirements include funding the budget only from realistic revenue, surplus cash or borrowing (but only for capital projects).

Much of the implementation of the MFMA involves new and sometimes complex budgetary and financial reporting requirements. Detailed monthly budgetary reports must be delivered to the Mayor along with quarterly performance indicators. The Mayor is required to make quarterly reports to the council on all aspects of the budgets implementation and any problems that need to be addressed. A mid - year performance report is to be delivered to council along with recommendations on needed mid - year adjustments that need to be made. Annual, quarterly and monthly reports are required to be delivered to National Treasury in very specific formats. These reporting requirements are already being met.

17 Budgets and SDBIPs – Departmental / Functional (internal)

A summary of each functional SDBIP within each directorate is provided in the IDP

18 Budgets and SDBIPs - Entities & Other External Mechanisms

The municipality has no entities.

19 Summary of Detailed Capital Plans

Detailed capital plans, aligned to national and provincial sector plans, will be contained in the SDBIP as per MFMA Circular No 13. These should be summarised and referenced here. The detailed plans must be submitted to National Treasury with the budget documentation. Capital programmes should be approved as an overall comprehensive capital budget to ensure that projects can be executed in terms of the implementation plans. The summary of the detailed capital plan should reflect:

Information by programme and municipal ward
The source of the funding for the capital programme

19.2

Table SA 34a - Capital expenditure by asset category

Table SA34b – Capital expenditure on renewal of existing Assets

Table SA35 – Future financial implications of capital budget

Table SA 36 - Detailed Capital Budget

The following pages contain the listing of capital by category.

EC139 Enoch Mgijima - Supporting Table SA34a Capital expenditure on new assets by asset class

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Capital expenditure on new assets by Asset Class/Sub-class										
Infrastructure		–	57 398	68 943	34 896	–	–	6 000	4 500	10 987
Roads Infrastructure		–	57 398	68 912	28 734	–	–	–	–	–
Roads		–	57 398	28 771	28 734	–	–	–	–	–
Road Structures		–	–	–	–	–	–	–	–	–
Road Furniture										
Capital Spares				40 141						
Storm water Infrastructure		–	–	–	–	–	–	–	–	–
Drainage Collection										
Storm water Conveyance		–	–	–	–	–	–	–	–	–
Attenuation										
Electrical Infrastructure		–	–	31	6 162	–	–	–	–	–
Power Plants		–	–	–	–	–	–	–	–	–
HV Substations		–	–	31	6 162	–	–	–	–	–
HV Switching Station		–	–	–	–	–	–	–	–	–
HV Transmission Conductors		–	–	–	–	–	–	–	–	–
MV Substations		–	–	–	–	–	–	–	–	–
MV Switching Stations		–	–	–	–	–	–	–	–	–
MV Networks		–	–	–	–	–	–	–	–	–
LV Networks		–	–	–	–	–	–	–	–	–
Capital Spares		–	–	–	–	–	–	–	–	–
Water Supply Infrastructure		–	–	–	–	–	–	–	–	–
Dams and Weirs										
Boreholes										
Reservoirs										
Pump Stations										
Water Treatment Works										
Bulk Mains										
Distribution		–	–	–	–	–	–	–	–	–
Distribution Points										
PRV Stations										
Capital Spares										
Sanitation Infrastructure		–	–	–	–	–	–	–	–	–
Pump Station										
Reticulation										
Waste Water Treatment Works										
Outfall Sewers										
Toilet Facilities										
Capital Spares										
Solid Waste Infrastructure		–	–	–	–	–	–	6 000	4 500	10 987
Landfill Sites		–	–	–	–	–	–	6 000	4 500	8 987
Waste Transfer Stations		–	–	–	–	–	–	–	–	2 000
Waste Processing Facilities										
Waste Drop-off Points										
Waste Separation Facilities										
Electricity Generation Facilities										
Capital Spares										
Rail Infrastructure		–	–	–	–	–	–	–	–	–
Rail Lines										
Rail Structures										
Rail Furniture										
Drainage Collection										
Storm water Conveyance										
Attenuation										
MV Substations										
LV Networks										
Capital Spares										
Coastal Infrastructure		–	–	–	–	–	–	–	–	–
Sand Pumps										
Piers										
Revetments										
Promenades										
Capital Spares										
Information and Communication Infrastructure		–	–	–	–	–	–	–	–	–
Data Centres										
Core Layers										
Distribution Layers										
Capital Spares										
Community Assets		–	–	1 411	20 200	21 397	21 397	8 946	11 700	16 500
Community Facilities		–	–	1 411	20 200	21 397	21 397	–	–	–

Halls		–	–	1 411	20 200	21 397	21 397	–	–	–
Sport and Recreation Facilities		–	–	–	–	–	–	8 946	11 700	16 500
Indoor Facilities										
Outdoor Facilities		–	–	–	–	–	–	8 946	11 700	16 500
Capital Spares										
Heritage assets		–	–	–	–	–	–	–	–	–
Monuments										
Historic Buildings										
Works of Art										
Conservation Areas										
Other Heritage		–	–	–	–	–	–	–	–	–
Investment properties		–	–	–	–	–	–	–	–	–
Revenue Generating		–	–	–	–	–	–	–	–	–
Improved Property										
Unimproved Property										
Non-revenue Generating		–	–	–	–	–	–	–	–	–
Improved Property		–	–	–	–	–	–	–	–	–
Unimproved Property										
Other assets		–	10 639	4 965	6 100	1 500	1 500	–	–	1 500
Operational Buildings		–	10 639	4 965	6 100	1 500	1 500	–	–	1 500
Municipal Offices		–	10 639	4 965	6 100	1 500	1 500	–	–	1 500
Pay/Enquiry Points										
Building Plan Offices										
Workshops										
Yards										
Stores										
Laboratories										
Training Centres										
Manufacturing Plant										
Depots										
Capital Spares										
Housing		–	–	–	–	–	–	–	–	–
Staff Housing										
Social Housing										
Capital Spares										
Biological or Cultivated Assets		–	–	495	–	–	–	–	–	–
Biological or Cultivated Assets		–	–	495	–	–	–	–	–	–
Intangible Assets		–	69	–	–	–	–	–	–	–
Servitudes										
Licences and Rights		–	69	–	–	–	–	–	–	–
Water Rights										
Effluent Licenses										
Solid Waste Licenses										
Computer Software and Applications		–	69	–	–	–	–	–	–	–
Load Settlement Software Applications										
Unspecified										
Computer Equipment		–	–	–	–	–	–	–	–	–
Computer Equipment		–	–	–	–	–	–	–	–	–
Furniture and Office Equipment		–	–	–	–	–	–	–	–	–
Furniture and Office Equipment		–	–	–	–	–	–	–	–	–
Machinery and Equipment		–	–	–	–	–	–	1 200	1 700	1 900
Machinery and Equipment		–	–	–	–	–	–	1 200	1 700	1 900
Transport Assets		–	–	–	–	–	–	–	–	–
Transport Assets		–	–	–	–	–	–	–	–	–
Land		–	–	–	–	–	–	–	–	–
Land		–	–	–	–	–	–	–	–	–
Zoo's, Marine and Non-biological Animals		–	–	–	–	–	–	–	–	–
Zoo's, Marine and Non-biological Animals										
Total Capital Expenditure on new assets	1	–	68 107	75 814	61 196	22 897	22 897	16 146	17 900	30 887

EC139 Enoch Mgijima - Supporting Table SA34b Capital expenditure on the renewal of existing assets by asset class

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Capital expenditure on renewal of existing assets by Asset Class/Sub-class										
Infrastructure		–	–	7 085	–	–	–	–	–	–
Roads Infrastructure		–	–	7 085	–	–	–	–	–	–
Roads				6 335						
Road Structures										
Road Furniture										
Capital Spares				750						
Storm water Infrastructure		–	–	–	–	–	–	–	–	–
Drainage Collection										
Storm water Conveyance										
Attenuation										
Electrical Infrastructure		–	–	–	–	–	–	–	–	–
Power Plants										
HV Substations										
HV Switching Station										
HV Transmission Conductors										
MV Substations										
MV Switching Stations										
MV Networks										
LV Networks										
Capital Spares										
Water Supply Infrastructure		–	–	–	–	–	–	–	–	–
Dams and Weirs										
Boreholes										
Reservoirs										
Pump Stations										
Water Treatment Works										
Bulk Mains										
Distribution										
Distribution Points										
PRV Stations										
Capital Spares										
Sanitation Infrastructure		–	–	–	–	–	–	–	–	–
Pump Station										
Reticulation										
Waste Water Treatment Works										
Outfall Sewers										
Toilet Facilities										
Capital Spares										
Solid Waste Infrastructure		–	–	–	–	–	–	–	–	–
Landfill Sites										
Waste Transfer Stations										
Waste Processing Facilities										
Waste Drop-off Points										
Waste Separation Facilities										
Electricity Generation Facilities										
Capital Spares										
Rail Infrastructure		–	–	–	–	–	–	–	–	–
Rail Lines										
Rail Structures										
Rail Furniture										
Drainage Collection										
Storm water Conveyance										
Attenuation										
MV Substations										
LV Networks										
Capital Spares										
Coastal Infrastructure		–	–	–	–	–	–	–	–	–
Sand Pumps										
Piers										
Revetments										
Promenades										
Capital Spares										
Information and Communication Infrastructure		–	–	–	–	–	–	–	–	–
Data Centres										
Core Layers										
Distribution Layers										
Capital Spares										

Community Assets		–	–	–	–	1 331	1 331	–	–	–
Community Facilities		–	–	–	–	1 331	1 331	–	–	–
Halls						1 331	1 331			
Centres										
Crèches										
Clinics/Care Centres										
Fire/Ambulance Stations										
Testing Stations										
Museums										
Galleries										
Theatres										
Libraries										
Cemeteries/Crematoria										
Police										
Parks										
Public Open Space										
Nature Reserves										
Public Ablution Facilities										
Markets										
Stalls										
Abattoirs										
Airports										
Taxi Ranks/Bus Terminals		–	–	–	–	–	–	–	–	–
Capital Spares		–	–	–	–	–	–	–	–	–
Sport and Recreation Facilities		–	–	–	–	–	–	–	–	–
Housing		–	–	–	–	–	–	–	–	–
Staff Housing										
Social Housing										
Capital Spares										
Biological or Cultivated Assets		–	–	–	–	–	–	–	–	–
Biological or Cultivated Assets										
Intangible Assets		–	–	–	–	–	–	–	–	–
Servitudes										
Licences and Rights		–	–	–	–	–	–	–	–	–
Water Rights										
Effluent Licenses										
Solid Waste Licenses										
Computer Software and Applications										
Load Settlement Software Applications										
Unspecified										
Computer Equipment		–	–	–	–	–	–	–	–	–
Computer Equipment										
Furniture and Office Equipment		–	–	–	–	–	–	–	–	–
Furniture and Office Equipment										
Machinery and Equipment		–	–	–	–	–	–	–	–	–
Machinery and Equipment										
Transport Assets		–	–	–	–	–	–	–	–	–
Transport Assets										
Land		–	–	–	–	–	–	–	–	–
Land										
Zoo's, Marine and Non-biological Animals		–	–	–	–	–	–	–	–	–
Zoo's, Marine and Non-biological Animals										
Total Capital Expenditure on renewal of existing asse	1	–	–	7 085	–	1 331	1 331	–	–	–
Renewal of Existing Assets as % of total capex		*0.0%*	*0.0%*	*8.5%*	*0.0%*	*5.5%*	*5.5%*	*0.0%*	*0.0%*	*0.0%*
Renewal of Existing Assets as % of deprecn"		*0.0%*	*0.0%*	*14.0%*	*0.0%*	*3.6%*	*3.6%*	*0.0%*	*0.0%*	*0.0%*

EC139 Enoch Mgijima - Supporting Table SA34e Capital expenditure on the upgrading of existing assets by asset class

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Capital expenditure on upgrading of existing assets by Asset Class/Sub-class										
Infrastructure		–	–	–	–	–	–	28 848	40 922	43 256
Roads Infrastructure		–	–	–	–	–	–	18 400	22 622	23 000
Roads		–	–	–	–	–	–	13 600	17 622	23 000
Road Structures		–	–	–	–	–	–	4 800	5 000	–
Road Furniture										
Capital Spares										
Storm water Infrastructure		–	–	–	–	–	–	–	–	–
Drainage Collection										
Storm water Conveyance										
Attenuation										
Electrical Infrastructure		–	–	–	–	–	–	10 448	18 300	20 256
Power Plants										
HV Substations		–	–	–	–	–	–	3 000	5 500	–
HV Switching Station										
HV Transmission Conductors										
MV Substations		–	–	–	–	–	–	7 448	12 800	20 256
MV Switching Stations		–	–	–	–	–	–	–	–	–
MV Networks		–	–	–	–	–	–	–	–	–
LV Networks										
Capital Spares		–	–	–	–	–	–	–	–	–
Water Supply Infrastructure		–	–	–	–	–	–	–	–	–
Dams and Weirs										
Sanitation Infrastructure		–	–	–	–	–	–	–	–	–
Information and Communication Infrastructure		–	–	–	–	–	–	–	–	–
Data Centres										
Core Layers										
Distribution Layers										
Capital Spares										
Community Assets		–	–	–	–	–	–	7 640	7 000	6 287
Community Facilities		–	–	–	–	–	–	7 640	7 000	6 287
Halls										
Cemeteries/Crematoria		–	–	–	–	–	–	4 640	4 000	5 087
Police										
Parks										
Public Open Space		–	–	–	–	–	–	3 000	3 000	1 200
Nature Reserves										
Public Ablution Facilities										
Sport and Recreation Facilities		–	–	–	–	–	–	–	–	–
Investment properties		–	–	–	–	–	–	–	–	–
Revenue Generating		–	–	–	–	–	–	–	–	–
Improved Property										
Unimproved Property										
Non-revenue Generating		–	–	–	–	–	–	–	–	–
Improved Property										
Unimproved Property										
Other assets		–	–	–	–	–	–	–	–	–
Operational Buildings		–	–	–	–	–	–	–	–	–
Zoo's, Marine and Non-biological Animals		–	–	–	–	–	–	–	–	–
Zoo's, Marine and Non-biological Animals										
Total Capital Expenditure on upgrading of existing assets	1	–	–	–	–	–	–	36 488	47 922	49 543
Upgrading of Existing Assets as % of total capex		*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*69.3%*	*72.8%*	*61.6%*
Upgrading of Existing Assets as % of deprecn"		*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*119.5%*	*122.8%*	*129.0%*

EC139 Enoch Mgijima - Supporting Table SA35 Future financial implications of the capital budget

Vote Description	Ref	2019/20 Medium Term Revenue & Expenditure Framework			Forecasts			
R thousand		Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22	Forecast 2022/23	Forecast 2023/24	Forecast 2024/25	Present value
Capital expenditure	1							
Vote 01 - Municipal Manager		–	–	–	–	–	–	–
Vote 02 - Administration & Human Resources		–	–	–	–	–	–	–
Vote 03 - Budget & Treasury		1 200	1 700	1 900	–	–	–	–
Vote 04 - Council Administration		–	–	–	–	–	–	–
Vote 05 - Community Services		22 586	23 200	33 774	–	–	–	–
Vote 06 - Technical Services		28 848	40 922	43 256	–	–	–	–
Vote 07 - Control Room Services		–	–	1 500	–	–	–	–
Vote 08 - Iped		1 150	–	–	–	–	–	–
Vote 09 - Human Settlements		6 270	2 900	–	–	–	–	–
Vote 10 - Vote 10		–	–	–	–	–	–	–
Vote 11 - Vote 11		–	–	–	–	–	–	–
Vote 12 - Vote 12		–	–	–	–	–	–	–
Vote 13 - Vote 13		–	–	–	–	–	–	–
Vote 14 - Vote 14		–	–	–	–	–	–	–
Vote 15 - Other		–	–	–	–	–	–	–
List entity summary if applicable								
Total Capital Expenditure		60 054	68 722	80 430	–	–	–	–
Future operational costs by vote	2							
Vote 01 - Municipal Manager								
Vote 02 - Administration & Human Resources								
Vote 03 - Budget & Treasury								
Vote 04 - Council Administration								
Vote 05 - Community Services								
Vote 06 - Technical Services								
Vote 07 - Control Room Services								
Vote 08 - Iped								
Vote 09 - Human Settlements								
Vote 10 - Vote 10								
Vote 11 - Vote 11								
Vote 12 - Vote 12								
Vote 13 - Vote 13								
Vote 14 - Vote 14								
Vote 15 - Other								
List entity summary if applicable								
Total future operational costs		–	–	–	–	–	–	–
Future revenue by source	3							
Property rates		101 170	109 431	114 903				
Service charges - electricity revenue		247 312	251 231	265 785				
Service charges - water revenue								
Service charges - sanitation revenue		–	–	–				
Service charges - refuse revenue		42 619	46 874	50 619				
Rental of facilities and equipment		2 471	3 021	3 471				
List other revenues sources if applicable		2 856	2 976	3 106				
List entity summary if applicable								
Total future revenue		396 428	413 534	437 884	–	–	–	–

EC139 Enoch Mgijima - Supporting Table SA36 Detailed capital budget

R thousand							2019/20 Medium Term Revenue & Expenditure Framework		
Function	Project Description	Type	Asset Class	Ward Location	Audited Outcome 2017/18	Current Year 2018/19 Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Parent municipality:									
List all capital projects grouped by Function									
Executive And Council	:Non-Infrastructure:New:Machinery And Equ	NEW	*Machinery And Equipment*	R-EC139 WHOLE OF THE MUN	–	–	–	–	–
Executive And Council	Capital:Non-Infrastructure:New:Transport As	NEW	*Transport Assets*	R-EC139 WHOLE OF THE MUN	–	–	–	–	–
Finance And Administration	Capital:Infrastructure:New:Electrical Infrastru	NEW	*Electrical Infrastructure*	R-EC139 WHOLE OF THE MUN	–	–	–	–	–
Finance And Administration	Capital:Infrastructure:New:Electrical Infrastru	NEW	*Electrical Infrastructure*	R-EC139 WHOLE OF THE MUN	–	–	–	–	–
Finance And Administration	Capital:Infrastructure:New:Electrical Infrastru	NEW	*Electrical Infrastructure*	R-EC139 WHOLE OF THE MUN	–	–	–	–	–
Finance And Administration	Capital:Infrastructure:New:Electrical Infrastru	NEW	*Electrical Infrastructure*	R-EC139 WHOLE OF THE MUN	–	–	–	–	–
Finance And Administration	Capital:Infrastructure:New:Electrical Infrastru	NEW	*Electrical Infrastructure*	R-EC139 WHOLE OF THE MUN	–	–	–	–	–
Finance And Administration	Capital:Infrastructure:New:Electrical Infrastru	NEW	*Electrical Infrastructure*	R-EC139 WHOLE OF THE MUN	–	–	–	–	–
Finance And Administration	Capital:Infrastructure:New:Electrical Infrastru	NEW	*Electrical Infrastructure*	R-EC139 WHOLE OF THE MUN	–	–	–	–	–
Finance And Administration	Capital:Infrastructure:New:Electrical Infrastru	NEW	*Electrical Infrastructure*	R-EC139 WHOLE OF THE MUN	–	–	–	–	–
Finance And Administration	Capital:Infrastructure:New:Solid Waste Infras	NEW	*Solid Waste Infrastructure*	R-EC139 WHOLE OF THE MUN	–	–	–	–	–
Finance And Administration	Capital:Infrastructure:New:Roads Infrastructu	NEW	*Roads Infrastructure*	R-EC139 WHOLE OF THE MUN	–	–	–	–	–
Finance And Administration	Capital:Infrastructure:New:Storm Water Infras	NEW	*Storm Water Infrastructure*	R-EC139 WHOLE OF THE MUN	–	–	–	–	–
Finance And Administration	Capital:Non-Infrastructure:Existing:Renewal:	RENEWAL	*Community Facilities*	R-EC139 EMLM: WARD 30	60	–	–	–	–
Finance And Administration	Capital:Non-Infrastructure:New:Computer Eq	NEW	*Computer Equipment*	R-EC139 WHOLE OF THE MUN	580	–	–	–	–
Finance And Administration	Capital:Non-Infrastructure:New:Furniture An	NEW	*Furniture And Office Equipment*	R-EC139 WHOLE OF THE MUN	370	–	–	–	–
Finance And Administration	Capital:Non-Infrastructure:New:Heritage Ass	NEW	*Heritage Assets*	R-EC139 WHOLE OF THE MUN	–	–	–	–	–
Finance And Administration	Capital:Non-Infrastructure:New:Intangible As	NEW	*Licences And Rights*	R-EC139 WHOLE OF THE MUN	–	–	–	–	–
Finance And Administration	Capital:Non-Infrastructure:New:Investment P	NEW	*Non-Revenue Generating*	R-EC139 WHOLE OF THE MUN	–	–	–	–	–
Finance And Administration	Capital:Non-Infrastructure:New:Machinery A	NEW	*Machinery And Equipment*	R-EC139 WHOLE OF THE MUN	72	1 500	1 200	1 700	1 900
Finance And Administration	Capital:Non-Infrastructure:New:Transport As	NEW	*Transport Assets*	R-EC139 WHOLE OF THE MUN	–	–	–	–	–
Finance And Administration	Capital:Non-Infrastructure:New:Biological Or	NEW	*Biological Or Cultivated Assets*	R-EC139 WHOLE OF THE MUN	495	–	–	–	–
Finance And Administration	Capital:Non-Infrastructure:New:Community A	NEW	*Community Facilities*	R-EC139 WHOLE OF THE MUN	–	–	–	–	–
Finance And Administration	Capital:Non-Infrastructure:New:Other Assets	NEW	*Operational Buildings*	R-EC139 WHOLE OF THE MUN	–	–	–	–	–
Finance And Administration	Capital:Non-Infrastructure:Land	NEW	*Land*	R-EC139 WHOLE OF THE MUN	–	–	–	–	–
Community And Social Services	Al:Non-Infrastructure:Existing:Upgrading:Co	UPGRADING	*Community Facilities*	R-EC139 EMLM: WARD 2	1 081	1 020	4 640	4 000	5 087
Community And Social Services	Al:Non-Infrastructure:Existing:Upgrading:Co	UPGRADING	*Community Facilities*	R-EC139 EMLM: WARD 24	–	–	–	–	–
Community And Social Services	Al:Non-Infrastructure:Existing:Upgrading:Co	UPGRADING	*Community Facilities*	R-EC139 EMLM: WARD 28	–	84	–	–	–
Community And Social Services	Al:Non-Infrastructure:Existing:Upgrading:Co	UPGRADING	*Community Facilities*	R-EC139 EMLM: WARD 4	–	–	–	–	–
Community And Social Services	Al:Non-Infrastructure:Existing:Upgrading:Co	UPGRADING	*Community Facilities*	R-EC139 WHOLE OF THE MUN	–	–	–	–	–
Community And Social Services	Capital:Non-Infrastructure:New:Community A	NEW	*Community Facilities*	R-EC139 EMLM: WARD 1	–	–	–	–	–
Community And Social Services	Capital:Non-Infrastructure:New:Community A	NEW	*Community Facilities*	R-EC139 EMLM: WARD 26	206	8 022	6 270	2 900	–
Community And Social Services	Capital:Non-Infrastructure:New:Community A	NEW	*Community Facilities*	R-EC139 WHOLE OF THE MUN	–	–	–	–	–

Community And Social Services	Capital:Non-Infrastructure:New:Community A	NEW	*Community Facilities*	R-EC139 WHOLE OF THE MUN	–	–	–	–	–
Sport And Recreation	Apital:Non-Infrastructure:Existing:Upgrading:	UPGRADING	*Community Facilities*	R-EC139 EMLM: WARD 10	–	–	–	–	1 200
Sport And Recreation	Apital:Non-Infrastructure:Existing:Upgrading:	UPGRADING	*Community Facilities*	R-EC139 EMLM: WARD 31	–	–	–	–	–
Sport And Recreation	Apital:Non-Infrastructure:Existing:Upgrading:	UPGRADING	*Community Facilities*	R-EC139 WHOLE OF THE MUN	–	–	3 000	3 000	–
Sport And Recreation	Capital:Non-Infrastructure:New:Machinery A	NEW	*Machinery And Equipment*	R-EC139 WHOLE OF THE MUN	–	–	–	–	–
Sport And Recreation	Capital:Non-Infrastructure:New:Community A	NEW	*Community Facilities*	R-EC139 WHOLE OF THE MUN	–	–	–	–	–
Sport And Recreation	Capital:Non-Infrastructure:New:Community A	NEW	*Sport And Recreation Facilities*	R-EC139 EMLM: WARD 1	–	–	–	–	–
Sport And Recreation	Capital:Non-Infrastructure:New:Community A	NEW	*Sport And Recreation Facilities*	R-EC139 EMLM: WARD 16	–	–	–	–	3 000
Sport And Recreation	Capital:Non-Infrastructure:New:Community A	NEW	*Sport And Recreation Facilities*	R-EC139 EMLM: WARD 18	–	3 712	4 766	5 100	6 500
Sport And Recreation	Capital:Non-Infrastructure:New:Community A	NEW	*Sport And Recreation Facilities*	R-EC139 EMLM: WARD 19	6	7 867	4 180	6 600	4 000
Sport And Recreation	Capital:Non-Infrastructure:New:Community A	NEW	*Sport And Recreation Facilities*	R-EC139 EMLM: WARD 26	–	–	–	–	3 000
Sport And Recreation	Capital:Non-Infrastructure:New:Community A	NEW	*Sport And Recreation Facilities*	R-EC139 EMLM: WARD 27	(861)	1 411	–	–	–
Sport And Recreation	Capital:Non-Infrastructure:New:Community A	NEW	*Sport And Recreation Facilities*	R-EC139 EMLM: WARD 31	–	–	–	–	–
Sport And Recreation	Capital:Non-Infrastructure:New:Community A	NEW	*Sport And Recreation Facilities*	R-EC139 WHOLE OF THE MUN	–	–	–	–	–
Public Safety	Capital:Non-Infrastructure:New:Other Assets	NEW	*Operational Buildings*	R-EC139 WHOLE OF THE MUN	–	–	–	–	1 500
Planning And Development	Capital:Infrastructure:New:Roads Infrastructu	NEW	*Roads Infrastructure*	R-EC139 WHOLE OF THE MUN	–	–	–	–	–
Planning And Development	Capital:Non-Infrastructure:Existing:Renewal:	RENEWAL	*Community Facilities*	R-EC139 EMLM: WARD 30	20	1 331	–	–	–
Planning And Development	Capital:Non-Infrastructure:New:Community A	NEW	*Community Facilities*	R-EC139 WHOLE OF THE MUN	–	–	–	–	–
Planning And Development	Capital:Non-Infrastructure:New:Community A	NEW	*Community Facilities*	R-EC139 EMLM: WARD 18	–	300	–	–	–
Planning And Development	Capital:Non-Infrastructure:New:Community A	NEW	*Community Facilities*	R-EC139 EMLM: WARD 18	–	–	–	–	–
Planning And Development	Capital:Non-Infrastructure:New:Community A	NEW	*Community Facilities*	R-EC139 EMLM: WARD 19	–	–	1 150	–	–
Planning And Development	Capital:Non-Infrastructure:New:Community A	NEW	*Community Facilities*	R-EC139 EMLM: WARD 2	–	85	–	–	–
Planning And Development	Capital:Non-Infrastructure:New:Community A	NEW	*Community Facilities*	R-EC139 EMLM: WARD 20	–	–	–	–	–
Planning And Development	Capital:Non-Infrastructure:New:Community A	NEW	*Community Facilities*	R-EC139 EMLM: WARD 21	–	–	–	–	–
Planning And Development	Capital:Non-Infrastructure:New:Community A	NEW	*Community Facilities*	R-EC139 EMLM: WARD 22	–	–	–	–	–
Planning And Development	Capital:Non-Infrastructure:New:Community A	NEW	*Community Facilities*	R-EC139 EMLM: WARD 27	–	–	–	–	–
Planning And Development	Capital:Non-Infrastructure:New:Community A	NEW	*Community Facilities*	R-EC139 EMLM: WARD 28	–	–	–	–	–
Planning And Development	Capital:Non-Infrastructure:New:Community A	NEW	*Community Facilities*	R-EC139 WHOLE OF THE MUN	–	–	–	–	–
Planning And Development	Capital:Non-Infrastructure:New:Community A	NEW	*Community Facilities*	R-EC139 EMLM: WARD 18	–	–	–	–	–
Planning And Development	Capital:Non-Infrastructure:New:Community A	NEW	*Community Facilities*	R-EC139 EMLM: WARD 19	–	–	–	–	–
Planning And Development	Capital:Non-Infrastructure:New:Community A	NEW	*Community Facilities*	R-EC139 EMLM: WARD 21	–	–	–	–	–
Planning And Development	Capital:Non-Infrastructure:New:Community A	NEW	*Community Facilities*	R-EC139 EMLM: WARD 26	–	–	–	–	–
Planning And Development	Capital:Non-Infrastructure:New:Community A	NEW	*Community Facilities*	R-EC139 EMLM: WARD 4	1	–	–	–	–
Road Transport	Capital:Infrastructure:Existing:Upgrading:Roa	UPGRADING	*Roads Infrastructure*	R-EC139 EMLM: WARD 27	–	1 983	–	–	–
Road Transport	Capital:Infrastructure:Existing:Upgrading:Roa	UPGRADING	*Roads Infrastructure*	R-EC139 EMLM: WARD 30	–	4 000	–	–	–
Road Transport	Capital:Infrastructure:Existing:Upgrading:Roa	UPGRADING	*Roads Infrastructure*	R-EC139 EMLM: WARD 4	–	1 542	–	–	–
Road Transport	Capital:Infrastructure:Existing:Upgrading:Roa	UPGRADING	*Roads Infrastructure*	R-EC139 WHOLE OF THE MUN	–	3 930	–	–	–
Road Transport	Capital:Infrastructure:Existing:Upgrading:Roa	UPGRADING	*Roads Infrastructure*	R-EC139 EMLM: WARD 20	–	7 727	–	–	–
Road Transport	Capital:Infrastructure:Existing:Upgrading:Roa	UPGRADING	*Roads Infrastructure*	R-EC139 EMLM: WARD 32	–	6 800	–	–	–
Road Transport	Capital:Non-Infrastructure:Existing:Upgradin	UPGRADING	*Operational Buildings*	R-EC139 WHOLE OF THE MUN	–	–	–	–	–
Road Transport	Capital:Non-Infrastructure:New:Community A	NEW	*Community Facilities*	R-EC139 EMLM: WARD 17	–	1 904	–	–	–
Energy Sources	Capital:Infrastructure:Existing:Upgrading:Ele	UPGRADING	*Electrical Infrastructure*	R-EC139 EMLM: WARD 15	–	–	–	–	–
Energy Sources	Capital:Infrastructure:Existing:Upgrading:Ele	UPGRADING	*Electrical Infrastructure*	R-EC139 WHOLE OF THE MUN	–	–	3 000	5 500	–
Energy Sources	Capital:Infrastructure:Existing:Upgrading:Ele	UPGRADING	*Electrical Infrastructure*	R-EC139 EMLM: WARD 28	31	10 162	7 448	12 800	20 256
Energy Sources	Capital:Infrastructure:Existing:Upgrading:Ele	UPGRADING	*Electrical Infrastructure*	R-EC139 EMLM: WARD 15	–	–	–	–	–
Energy Sources	Capital:Infrastructure:Existing:Upgrading:Ele	UPGRADING	*Electrical Infrastructure*	R-EC139 EMLM: WARD 16	–	–	–	–	–

Energy Sources	Capital:Infrastructure:Existing:Upgrading:Ele	UPGRADING	*Electrical Infrastructure*	R-EC139 EMLM: WARD 13	–	–	–	–	–
Energy Sources	Capital:Infrastructure:Existing:Upgrading:Ele	UPGRADING	*Electrical Infrastructure*	R-EC139 EMLM: WARD 15	–	–	–	–	–
Energy Sources	Capital:Infrastructure:Existing:Upgrading:Ele	UPGRADING	*Electrical Infrastructure*	R-EC139 EMLM: WARD 13	–	–	–	–	–
Energy Sources	Capital:Infrastructure:Existing:Upgrading:Ele	UPGRADING	*Electrical Infrastructure*	R-EC139 EMLM: WARD 15	–	–	–	–	–
Energy Sources	Capital:Infrastructure:New:Electrical Infrastru	NEW	*Electrical Infrastructure*	R-EC139 WHOLE OF THE MUN	–	–	–	–	–
Energy Sources	Capital:Infrastructure:New:Electrical Infrastru	NEW	*Electrical Infrastructure*	R-EC139 EMLM: WARD 15	–	–	–	–	–
Energy Sources	Capital:Infrastructure:New:Electrical Infrastru	NEW	*Electrical Infrastructure*	R-EC139 EMLM: WARD 28	–	–	–	–	–
Energy Sources	Capital:Infrastructure:New:Electrical Infrastru	NEW	*Electrical Infrastructure*	R-EC139 WHOLE OF THE MUN	–	–	–	–	–
Energy Sources	Capital:Infrastructure:New:Electrical Infrastru	NEW	*Electrical Infrastructure*	R-EC139 WHOLE OF THE MUN	–	–	–	–	–
Energy Sources	Capital:Infrastructure:New:Electrical Infrastru	NEW	*Electrical Infrastructure*	R-EC139 WHOLE OF THE MUN	–	–	–	–	–
Energy Sources	Capital:Infrastructure:New:Electrical Infrastru	NEW	*Electrical Infrastructure*	R-EC139 WHOLE OF THE MUN	–	–	–	–	–
Energy Sources	Capital:Infrastructure:New:Electrical Infrastru	NEW	*Electrical Infrastructure*	R-EC139 WHOLE OF THE MUN	–	–	–	–	–
Energy Sources	Capital:Infrastructure:New:Electrical Infrastru	NEW	*Electrical Infrastructure*	R-EC139 WHOLE OF THE MUN	–	–	–	–	–
Energy Sources	Capital:Infrastructure:New:Electrical Infrastru	NEW	*Electrical Infrastructure*	R-EC139 EMLM: WARD 28	–	–	–	–	–
Energy Sources	Capital:Infrastructure:New:Electrical Infrastru	NEW	*Electrical Infrastructure*	R-EC139 WHOLE OF THE MUN	–	–	–	–	–
Energy Sources	Capital:Non-Infrastructure:New:Community A	NEW	*Community Facilities*	R-EC139 WHOLE OF THE MUN	–	–	–	–	–
Waste Water Management	Capital:Infrastructure:Existing:Upgrading:Roa	UPGRADING	*Roads Infrastructure*	R-EC139 EMLM: WARD 11	–	–	–	–	–
Waste Water Management	Capital:Infrastructure:Existing:Upgrading:Roa	UPGRADING	*Roads Infrastructure*	R-EC139 EMLM: WARD 12	–	–	–	–	–
Waste Water Management	Capital:Infrastructure:Existing:Upgrading:Roa	UPGRADING	*Roads Infrastructure*	R-EC139 EMLM: WARD 13	–	–	–	–	–
Waste Water Management	Capital:Infrastructure:Existing:Upgrading:Roa	UPGRADING	*Roads Infrastructure*	R-EC139 EMLM: WARD 14	–	–	–	–	–
Waste Water Management	Capital:Infrastructure:Existing:Upgrading:Roa	UPGRADING	*Roads Infrastructure*	R-EC139 EMLM: WARD 15	–	–	–	–	–
Waste Water Management	Capital:Infrastructure:Existing:Upgrading:Roa	UPGRADING	*Roads Infrastructure*	R-EC139 EMLM: WARD 16	–	–	–	–	–
Waste Water Management	Capital:Infrastructure:Existing:Upgrading:Roa	UPGRADING	*Roads Infrastructure*	R-EC139 EMLM: WARD 17	–	–	–	–	–
Waste Water Management	Capital:Infrastructure:Existing:Upgrading:Roa	UPGRADING	*Roads Infrastructure*	R-EC139 EMLM: WARD 27	–	–	–	–	–
Waste Water Management	Capital:Infrastructure:Existing:Upgrading:Roa	UPGRADING	*Roads Infrastructure*	R-EC139 EMLM: WARD 29	–	–	–	–	–
Waste Water Management	Capital:Infrastructure:Existing:Upgrading:Roa	UPGRADING	*Roads Infrastructure*	R-EC139 EMLM: WARD 30	–	–	–	–	–
Waste Water Management	Capital:Infrastructure:Existing:Upgrading:Roa	UPGRADING	*Roads Infrastructure*	R-EC139 EMLM: WARD 4	–	–	–	–	–
Waste Water Management	Capital:Infrastructure:Existing:Upgrading:Roa	UPGRADING	*Roads Infrastructure*	R-EC139 EMLM: WARD 5	–	–	–	–	–
Waste Water Management	Capital:Infrastructure:Existing:Upgrading:Roa	UPGRADING	*Roads Infrastructure*	R-EC139 EMLM: WARD 6	–	–	–	–	–
Waste Water Management	Capital:Infrastructure:Existing:Upgrading:Roa	UPGRADING	*Roads Infrastructure*	R-EC139 EMLM: WARD 7	–	–	–	–	–
Waste Water Management	Capital:Infrastructure:Existing:Upgrading:Roa	UPGRADING	*Roads Infrastructure*	R-EC139 EMLM: WARD 8	–	–	–	–	–
Waste Water Management	Capital:Infrastructure:Existing:Upgrading:Roa	UPGRADING	*Roads Infrastructure*	R-EC139 WHOLE OF THE MUN	3 882	–	13 600	17 622	23 000
Waste Water Management	Capital:Infrastructure:Existing:Upgrading:Roa	UPGRADING	*Roads Infrastructure*	R-EC139 EMLM: WARD 20	–	–	4 800	5 000	–
Waste Water Management	Capital:Infrastructure:Existing:Upgrading:Roa	UPGRADING	*Roads Infrastructure*	R-EC139 EMLM: WARD 27	257	–	–	–	–
Waste Water Management	Capital:Infrastructure:Existing:Upgrading:Roa	UPGRADING	*Roads Infrastructure*	R-EC139 EMLM: WARD 32	(0)	–	–	–	–
Waste Water Management	Capital:Infrastructure:New:Water Supply Infra	NEW	*Water Supply Infrastructure*	R-EC139 WHOLE OF THE MUN	34 829	–	–	–	–
Waste Water Management	Capital:Infrastructure:New:Roads Infrastructu	NEW	*Roads Infrastructure*	R-EC139 WHOLE OF THE MUN	–	–	–	–	–
Waste Water Management	Capital:Infrastructure:New:Roads Infrastructu	NEW	*Roads Infrastructure*	R-EC139 WHOLE OF THE MUN	–	–	–	–	–
Waste Water Management	L:Non-Infrastructure:Existing:Renewal:Comn	RENEWAL	*Community Facilities*	R-EC139 EMLM: WARD 11	977	–	–	–	–
Waste Water Management	Capital:Non-Infrastructure:New:Transport As	NEW	*Transport Assets*	R-EC139 WHOLE OF THE MUN	–	–	–	–	–
Waste Management	Capital:Infrastructure:New:Solid Waste Infras	NEW	*Solid Waste Infrastructure*	R-EC139 EMLM: WARD 13	–	–	–	–	–
Waste Management	Capital:Infrastructure:New:Solid Waste Infras	NEW	*Solid Waste Infrastructure*	R-EC139 EMLM: WARD 8	–	–	6 000	4 500	4 500
Waste Management	Capital:Infrastructure:New:Solid Waste Infras	NEW	*Solid Waste Infrastructure*	R-EC139 WHOLE OF THE MUN	–	–	–	–	4 487
Waste Management	Capital:Infrastructure:New:Solid Waste Infras	NEW	*Solid Waste Infrastructure*	R-EC139 EMLM: WARD 26	–	–	–	–	1 000
Waste Management	Capital:Infrastructure:New:Solid Waste Infras	NEW	*Solid Waste Infrastructure*	R-EC139 EMLM: WARD 34	–	–	–	–	1 000
Waste Management	Capital:Non-Infrastructure:New:Machinery A	NEW	*Machinery And Equipment*	R-EC139 WHOLE OF THE MUN	–	–	–	–	–
Waste Management	Capital:Non-Infrastructure:New:Transport As	NEW	*Transport Assets*	R-EC139 WHOLE OF THE MUN	–	–	–	–	–
Parent Capital expenditure					42 008	63 381	60 054	68 722	80 430

EC139 Enoch Mgijima - Supporting Table SA38 Consolidated detailed operational projects

R thousand				Prior year outcomes		2019/20 Medium Term Revenue & Expenditure Framework		
Function	Project Description	Asset Class	Ward Location	Audited Outcome 2017/18	Current Year 2018/19 Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Parent municipality:								
List all operational projects grouped by Function								
Executive And Council	Operational:Municipal Running Cost		R-EC139 ADMIN OR HEAI	85 455	67 796	65 683	70 731	73 607
Executive And Council	Operational:Municipal Running Cost		R-EC139 WHOLE OF TH	151	–	–	–	–
Executive And Council	Operational:Municipal Running Cost		R-WHOLE OF MUNICIF	–	89	89	97	104
Executive And Council	Operational:Typical Work Streams:Aids/Hiv; Tuberculosis And Cancer:Aids Day		R-EC139 ADMIN OR HEAI	–	–	158	166	166
Executive And Council	Operational:Typical Work Streams:Aids/Hiv; Tuberculosis And Cancer:Awareness And Information		R-EC139 ADMIN OR HEAI	13	–	–	–	–
Executive And Council	Operational:Typical Work Streams:Aids/Hiv; Tuberculosis And Cancer:Awareness And Information		R-EC139 WHOLE OF TH	–	–	–	–	–
Executive And Council	Operational:Typical Work Streams:Aids/Hiv; Tuberculosis And Cancer:Support And Distribution Programm		R-EC139 ADMIN OR HEAI	11	32	84	89	89
Executive And Council	Operational:Typical Work Streams:Capacity Building Training And Development:Municipal Minimum Compet		R-EC139 ADMIN OR HEAI	1 143	–	–	–	–
Executive And Council	Operational:Typical Work Streams:Capacity Building Training And Development:Workshops; Seminars And		R-EC139 ADMIN OR HEAI	320	1 455	1 784	1 983	1 983
Executive And Council	Operational:Typical Work Streams:Communication And Public Participation:Mayoral/Executive Mayor Camp		R-EC139 ADMIN OR HEAI	98	450	500	500	500
Executive And Council	Operational:Typical Work Streams:Communication And Public Participation:Newsletters		R-EC139 ADMIN OR HEAI	16	50	300	300	300
Executive And Council	Operational:Typical Work Streams:Community Development:Gender Development		R-EC139 ADMIN OR HEAI	–	50	154	162	162
Executive And Council	Operational:Typical Work Streams:Community Development:Youth Projects:Youth Development		R-EC139 ADMIN OR HEAI	–	–	–	–	–
Executive And Council	Operational:Typical Work Streams:Financial Management Grant:Financial Systems		R-WHOLE OF MUNICIF	–	1 055	–	–	–
Executive And Council	Operational:Typical Work Streams:Functions And Events:Civic Functions		R-EC139 ADMIN OR HEAI	473	–	–	–	–
Executive And Council	Operational:Typical Work Streams:Functions And Events:Events And Organisations		R-EC139 ADMIN OR HEAI	207	4 277	4 422	–	–
Executive And Council	Operational:Typical Work Streams:Human Resources:Human Resource Management		R-EC139 ADMIN OR HEAI	912	–	–	–	–
Executive And Council	Operational:Typical Work Streams:Local Economic Development:Project Implementation		R-EC139 WHOLE OF TH	–	–	–	–	–
Executive And Council	Operational:Typical Work Streams:Performance Management		R-EC139 ADMIN OR HEAI	–	–	–	–	–
Executive And Council	Operational:Typical Work Streams:Property Rates Act Implementation:Valuation		R-EC139 ADMIN OR HEAI	–	–	–	–	–
Executive And Council	Operational:Typical Work Streams:Strategic Management And Governance:Strategic Planning:Promotional		R-EC139 ADMIN OR HEAI	–	201	99	99	99
Executive And Council	Operational:Typical Work Streams:Tourism:Tourism Development		R-EC139 ADMIN OR HEAI	–	–	–	–	–
Executive And Council	Operational:Typical Work Streams:Ward Committees:Meetings		R-EC139 ADMIN OR HEAI	–	4 460	4 460	4 460	4 460
Executive And Council	Default Transactions	*Financial Performance Indicators*	9 WHOLE OF TH	756	–	–	–	–
Executive And Council	Operational:Maintenance:Non-Infrastructure:Corrective Maintenance:Planned:Machine	*Machinery And Equipment*	9 WHOLE OF TH	14	–	–	–	–
Executive And Council	Operational:Maintenance:Non-Infrastructure:Corrective Maintenance:Planned:Machine	*Machinery And Equipment*	)LE OF MUNICIF	–	6	–	–	–
Executive And Council	Operational:Maintenance:Non-Infrastructure:Corrective Maintenance:Planned:Other As	*Operational Buildings*	9 WHOLE OF TH	34	–	–	–	–
Executive And Council	Operational:Maintenance:Non-Infrastructure:Corrective Maintenance:Planned:Other As	*Operational Buildings*	)LE OF MUNICIF	–	3	500	530	562
Finance And Administration	Operational:Municipal Running Cost		R-EC139 ADMIN OR HEAI	127 617	117 423	117 033	124 296	129 273
Finance And Administration	Operational:Municipal Running Cost		R-EC139 WHOLE OF TH	8 798	–	–	–	–

Finance And Administration	Operational:Municipal Running Cost		R-WHOLE OF MUNICIF	–	5 165	5 533	5 751	5 929
Finance And Administration	Operational:Typical Work Streams:Aids/Hiv; Tuberculosis And Cancer:Aids Day		R-EC139 ADMIN OR HEAI	16	–	–	–	–
Finance And Administration	Operational:Typical Work Streams:Aids/Hiv; Tuberculosis And Cancer:Aids Day		R-EC139 WHOLE OF TH	–	–	–	–	–
Finance And Administration	Operational:Typical Work Streams:Asset Protection:Vehicle Management System		R-EC139 ADMIN OR HEAI	–	419	419	419	419
Finance And Administration	Operational:Typical Work Streams:Capacity Building Training And Development:Workshops; Seminars And		R-EC139 ADMIN OR HEAI	146	3 308	1 320	1 515	1 517
Finance And Administration	Operational:Typical Work Streams:Capacity Building Training And Development:Workshops; Seminars And		R-EC139 WHOLE OF TH	–	–	–	–	–
Finance And Administration	Operational:Typical Work Streams:Communication And Public Participation:Awareness Campaign		R-EC139 ADMIN OR HEAI	62	–	–	–	–
Finance And Administration	Operational:Typical Work Streams:Communication And Public Participation:Budget Road Show Public Part		R-EC139 ADMIN OR HEAI	1	–	–	–	–
Finance And Administration	Operational:Typical Work Streams:Communication And Public Participation:By-Laws Promulgation		R-EC139 WHOLE OF TH	–	–	–	–	–
Finance And Administration	Operational:Typical Work Streams:Communication And Public Participation:Newsletters		R-EC139 ADMIN OR HEAI	–	–	–	–	–
Finance And Administration	Operational:Typical Work Streams:Communication And Public Participation:Public Participation Meeting		R-EC139 ADMIN OR HEAI	219	–	–	–	–
Finance And Administration	Operational:Typical Work Streams:Community Development:Housing Projects		R-EC139 WHOLE OF TH	369	–	–	–	–
Finance And Administration	Operational:Typical Work Streams:Financial Management Grant:Audit Outcomes		R-EC139 WHOLE OF TH	1 191	–	–	–	–
Finance And Administration	Operational:Typical Work Streams:Financial Management Grant:Budget And Treasury Office		R-WHOLE OF MUNICIF	–	14	16	11	12
Finance And Administration	Operational:Typical Work Streams:Financial Management Grant:Financial Statements		R-EC139 ADMIN OR HEAI	11 265	12 000	3 400	8 380	8 799
Finance And Administration	Operational:Typical Work Streams:Financial Management Grant:Financial Systems		R-EC139 WHOLE OF TH	464	–	–	–	–
Finance And Administration	Operational:Typical Work Streams:Financial Management Grant:Interns Compensation		R-EC139 WHOLE OF TH	401	–	–	–	–
Finance And Administration	Operational:Typical Work Streams:Financial Management Grant:Interns Compensation		R-WHOLE OF MUNICIF	–	2 652	2 706	2 854	3 067
Finance And Administration	Operational:Typical Work Streams:Financial Management Grant:Training Minimum Competency		R-EC139 WHOLE OF TH	3 720	–	–	–	–
Finance And Administration	Operational:Typical Work Streams:Financial Management Grant:Training Minimum Competency		R-WHOLE OF MUNICIF	–	1 420	900	800	800
Finance And Administration	Operational:Typical Work Streams:Functions And Events:Events And Organisations		R-EC139 ADMIN OR HEAI	97	250	–	–	–
Finance And Administration	Operational:Typical Work Streams:Functions And Events:Special Events And Functions		R-EC139 ADMIN OR HEAI	96	–	–	–	–
Finance And Administration	Operational:Typical Work Streams:Human Resources:Employee Assistance Programme		R-EC139 ADMIN OR HEAI	1	–	–	–	–
Finance And Administration	Operational:Typical Work Streams:Human Resources:Employee Assistance Programme		R-EC139 WHOLE OF TH	(103)	–	–	–	–
Finance And Administration	Operational:Typical Work Streams:Human Resources:Human Resource Management		R-EC139 ADMIN OR HEAI	1 984	–	–	–	–
Finance And Administration	Operational:Typical Work Streams:Human Resources:Human Resource Management		R-EC139 WHOLE OF TH	–	–	–	–	–
Finance And Administration	Operational:Typical Work Streams:Municipal Properties		R-WHOLE OF MUNICIF	–	4 708	4 408	4 629	4 629
Finance And Administration	Operational:Typical Work Streams:Occupational Health And Safety		R-EC139 ADMIN OR HEAI	–	33	100	106	106
Finance And Administration	Operational:Typical Work Streams:Property Rates Act Implementation:Valuation		R-EC139 ADMIN OR HEAI	–	–	–	–	–
Finance And Administration	Operational:Typical Work Streams:Property Rates Act Implementation:Valuation		R-EC139 WHOLE OF TH	72	–	–	–	–
Finance And Administration	Operational:Typical Work Streams:Property Rates Act Implementation:Valuation		R-WHOLE OF MUNICIF	–	3 733	2 238	1 338	1 602
Finance And Administration	Operational:Typical Work Streams:Protecting The Poor		R-WHOLE OF MUNICIF	–	470	720	720	720
Finance And Administration	Operational:Typical Work Streams:Spatial Planning		R-EC139 WHOLE OF TH	–	–	–	–	–
Finance And Administration	Operational:Typical Work Streams:Spatial Planning		R-WHOLE OF MUNICIF	–	–	–	–	–
Finance And Administration	Operational:Typical Work Streams:Strategic Management And Governance		R-EC139 WHOLE OF TH	–	–	–	–	–
Finance And Administration	Operational:Typical Work Streams:Strategic Management And Governance:Administrative Strategy And Pla		R-EC139 ADMIN OR HEAI	791	152	–	–	–
Finance And Administration	Operational:Typical Work Streams:Strategic Management And Governance:Idp Planning And Revision		R-EC139 ADMIN OR HEAI	40	–	–	–	–
Finance And Administration	Operational:Typical Work Streams:Strategic Management And Governance:Strategic Planning:Promotional		R-EC139 ADMIN OR HEAI	–	228	313	319	386
Finance And Administration	Operational:Typical Work Streams:Tourism:Tourism Development		R-EC139 ADMIN OR HEAI	–	–	–	–	–
Finance And Administration	Default Transactions	*Financial Performance Indicators*	9 WHOLE OF TH	10 591	–	–	–	–
Finance And Administration	Default Transactions	*Financial Performance Indicators*	OLE OF MUNICIF	–	–	–	–	–
Finance And Administration	Operational:Maintenance:Non-Infrastructure:Corrective Maintenance:Planned:Furniture	*Furniture And Office Equipment*	9 WHOLE OF TH	–	–	–	–	–
Finance And Administration	Operational:Maintenance:Non-Infrastructure:Corrective Maintenance:Planned:Furniture	*Furniture And Office Equipment*	OLE OF MUNICIF	–	12 557	3 581	3 760	3 948
Finance And Administration	Operational:Infrastructure Projects:Existing:Upgrading:Information And Communication	*lation And Communication Infrastr*	9 WHOLE OF TH	–	–	–	–	–
Finance And Administration	Operational:Infrastructure Projects:Existing:Upgrading:Information And Communication	*lation And Communication Infrastr*	9 WHOLE OF TH	920	–	–	–	–
Finance And Administration	Operational:Maintenance:Non-Infrastructure:Corrective Maintenance:Emergency:Mach	*Machinery And Equipment*	9 WHOLE OF TH	–	–	–	–	–
Finance And Administration	Operational:Maintenance:Non-Infrastructure:Corrective Maintenance:Planned:Machine	*Machinery And Equipment*	9 WHOLE OF TH	486	–	–	–	–
Finance And Administration	Operational:Maintenance:Non-Infrastructure:Corrective Maintenance:Planned:Machine	*Machinery And Equipment*	OLE OF MUNICIF	–	958	1 205	1 266	1 329
Finance And Administration	Operational:Non-Infrastructure:New:Other Assets:Operational Buildings:Depots	*Operational Buildings*	9 WHOLE OF TH	–	–	–	–	–
Finance And Administration	Operational:Maintenance:Non-Infrastructure:Corrective Maintenance:Planned:Other As	*Operational Buildings*	9 WHOLE OF TH	2 353	–	–	–	–

Finance And Administration	Operational:Maintenance:Infrastructure:Corrective Maintenance:Planned:Sanitation Infr	*Sanitation Infrastructure*	ADMIN OR HEAI	–	–	–	–	–
Community And Social Services	Operational:Municipal Running Cost	R-EC139	ADMIN OR HEAI	12 527	17 398	14 302	15 168	16 086
Community And Social Services	Operational:Municipal Running Cost	R-EC139	WHOLE OF TH	–	–	–	–	–
Community And Social Services	Operational:Municipal Running Cost	R-WHOLE OF MUNICI		–	–	–	–	–
Community And Social Services	Operational:Typical Work Streams:Aids/Hiv; Tuberculosis And Cancer:Awareness And Information	R-EC139	ADMIN OR HEAI	3	–	–	–	–
Community And Social Services	Operational:Typical Work Streams:Capacity Building Training And Development:Workshops; Seminars And	R-EC139	ADMIN OR HEAI	2	20	37	39	40
Community And Social Services	Operational:Typical Work Streams:Communication And Public Participation:Awareness Campaign	R-EC139	ADMIN OR HEAI	3	–	–	–	–
Community And Social Services	Operational:Typical Work Streams:Communication And Public Participation:Public Participation Meeting	R-EC139	ADMIN OR HEAI	–	–	–	–	–
Community And Social Services	Operational:Typical Work Streams:Community Development:Burials	R-EC139	ADMIN OR HEAI	6	–	–	–	–
Community And Social Services	Operational:Typical Work Streams:Community Development:Burials	R-WHOLE OF MUNICI		–	–	–	–	–
Community And Social Services	Operational:Typical Work Streams:Electrification	R-EC139	ADMIN OR HEAI	–	–	–	–	–
Community And Social Services	Operational:Typical Work Streams:Functions And Events:Events And Organisations	R-EC139	ADMIN OR HEAI	–	–	–	–	–
Community And Social Services	Operational:Typical Work Streams:Functions And Events:Special Events And Functions	R-EC139	ADMIN OR HEAI	36	–	–	–	–
Community And Social Services	Operational:Typical Work Streams:Human Resources:Human Resource Management	R-EC139	ADMIN OR HEAI	–	4	–	–	–
Community And Social Services	Operational:Typical Work Streams:Strategic Management And Governance:Strategic Planning:Promotional	R-EC139	ADMIN OR HEAI	–	13	19	21	23
Community And Social Services	Default Transactions	*Financial Performance Indicators*	9 WHOLE OF TH	98	–	–	–	–
Community And Social Services	Operational:Maintenance:Non-Infrastructure:Corrective Maintenance:Emergency:Furni	*Furniture And Office Equipment*	9 WHOLE OF TH	0	–	–	–	–
Community And Social Services	Operational:Maintenance:Non-Infrastructure:Corrective Maintenance:Planned:Furniture	*Furniture And Office Equipment*	9 WHOLE OF TH	–	–	–	–	–
Community And Social Services	Operational:Maintenance:Non-Infrastructure:Corrective Maintenance:Planned:Furniture	*Furniture And Office Equipment*	OLE OF MUNICI	–	1	–	–	–
Community And Social Services	Operational:Maintenance:Non-Infrastructure:Corrective Maintenance:Emergency:Mach	*Machinery And Equipment*	9 WHOLE OF TH	–	–	–	–	–
Community And Social Services	Operational:Maintenance:Non-Infrastructure:Corrective Maintenance:Planned:Machine	*Machinery And Equipment*	9 WHOLE OF TH	33	–	–	–	–
Community And Social Services	Operational:Maintenance:Non-Infrastructure:Corrective Maintenance:Planned:Machine	*Machinery And Equipment*	OLE OF MUNICI	–	31	10	11	11
Community And Social Services	Operational:Maintenance:Non-Infrastructure:Corrective Maintenance:Planned:Other As	*Operational Buildings*	9 WHOLE OF TH	12	–	–	–	–
Community And Social Services	Operational:Maintenance:Non-Infrastructure:Corrective Maintenance:Planned:Other As	*Operational Buildings*	OLE OF MUNICI	–	58	572	575	577
Sport And Recreation	Operational:Municipal Running Cost	R-EC139	ADMIN OR HEAI	15 499	17 054	18 042	18 220	19 386
Sport And Recreation	Operational:Municipal Running Cost	R-EC139	WHOLE OF TH	205	–	–	–	–
Sport And Recreation	Operational:Municipal Running Cost	R-WHOLE OF MUNICI		–	35	409	441	477
Sport And Recreation	Operational:Typical Work Streams:Capacity Building Training And Development:Workshops; Seminars And	R-EC139	ADMIN OR HEAI	–	–	–	–	–
Sport And Recreation	Operational:Maintenance:Non-Infrastructure:Corrective Maintenance:Planned:Machine	*Machinery And Equipment*	9 WHOLE OF TH	89	–	–	–	–
Sport And Recreation	Operational:Maintenance:Non-Infrastructure:Corrective Maintenance:Planned:Machine	*Machinery And Equipment*	OLE OF MUNICI	–	87	292	307	322
Sport And Recreation	Operational:Maintenance:Non-Infrastructure:Corrective Maintenance:Planned:Other As	*Operational Buildings*	9 WHOLE OF TH	30	–	–	–	–
Sport And Recreation	Operational:Maintenance:Non-Infrastructure:Corrective Maintenance:Planned:Other As	*Operational Buildings*	OLE OF MUNICI	–	3	2	2	2
Public Safety	Operational:Municipal Running Cost	R-EC139	ADMIN OR HEAI	5 107	35 954	33 280	35 128	37 215
Public Safety	Operational:Municipal Running Cost	R-EC139	WHOLE OF TH	245	–	–	–	–
Public Safety	Operational:Municipal Running Cost	R-WHOLE OF MUNICI		–	203	693	749	809
Public Safety	Operational:Typical Work Streams:Capacity Building Training And Development:Workshops; Seminars And	R-EC139	ADMIN OR HEAI	–	2	52	56	57
Public Safety	Operational:Typical Work Streams:City Cleanliness And Clean-Up:Clean-Up Actions	R-EC139	ADMIN OR HEAI	–	–	–	–	–
Public Safety	Operational:Typical Work Streams:Functions And Events:Special Events And Functions	R-EC139	ADMIN OR HEAI	–	–	–	–	–
Public Safety	Operational:Typical Work Streams:Strategic Management And Governance:Strategic Planning:Promotional	R-EC139	ADMIN OR HEAI	–	2	29	31	35
Public Safety	Operational:Maintenance:Non-Infrastructure:Corrective Maintenance:Planned:Commur	*Community Facilities*	OLE OF MUNICI	–	510	510	535	535

Public Safety	Operational:Maintenance:Non-Infrastructure:Corrective Maintenance:Planned:Commur	*Community Facilities*	)LE OF MUNICI	–	217	228	30	30
Public Safety	Default Transactions	*Financial Performance Indicators*	9 WHOLE OF TH	1 725	–	–	–	–
Public Safety	Operational:Maintenance:Non-Infrastructure:Corrective Maintenance:Emergency:Mach	*Machinery And Equipment*	9 WHOLE OF TH	–	–	–	–	–
Public Safety	Operational:Maintenance:Non-Infrastructure:Corrective Maintenance:Planned:Machine	*Machinery And Equipment*	9 WHOLE OF TH	(83)	–	–	–	–
Public Safety	Operational:Maintenance:Non-Infrastructure:Corrective Maintenance:Planned:Machine	*Machinery And Equipment*	)LE OF MUNICI	–	195	370	397	414
Public Safety	Operational:Maintenance:Non-Infrastructure:Corrective Maintenance:Planned:Other As	*Operational Buildings*	9 WHOLE OF TH	–	–	–	–	–
Public Safety	Operational:Maintenance:Non-Infrastructure:Corrective Maintenance:Planned:Other As	*Operational Buildings*	)LE OF MUNICI	–	–	414	18	19
Public Safety	Operational:Maintenance:Infrastructure:Corrective Maintenance:Planned:Roads Infrast	*Roads Infrastructure*	ADMIN OR HEAI	–	89	109	170	191
Planning And Development	Operational:Municipal Running Cost	R-EC139	ADMIN OR HEAI	5 158	7 132	8 265	8 199	8 676
Planning And Development	Operational:Municipal Running Cost	R-EC139	WHOLE OF TH	–	–	–	–	–
Planning And Development	Operational:Municipal Running Cost	R-WHOLE OF MUNICI		–	–	–	–	–
Planning And Development	Operational:Typical Work Streams:Capacity Building Training And Development:Workshops; Seminars And	R-EC139	ADMIN OR HEAI	–	–	262	275	275
Planning And Development	Operational:Typical Work Streams:Functions And Events:Special Events And Functions	R-EC139	ADMIN OR HEAI	–	–	–	–	–
Planning And Development	Operational:Typical Work Streams:Local Economic Development:Training	R-EC139	ADMIN OR HEAI	–	–	–	–	–
Planning And Development	Operational:Typical Work Streams:Strategic Management And Governance:Administrative Strategy And Pla	R-EC139	ADMIN OR HEAI	–	–	–	–	–
Planning And Development	Operational:Typical Work Streams:Strategic Management And Governance:Idp Implementation And Monitori	R-EC139	ADMIN OR HEAI	–	510	500	500	500
Planning And Development	Operational:Typical Work Streams:Strategic Management And Governance:Idp Implementation And Monitori	R-EC139	WHOLE OF TH	–	–	–	–	–
Planning And Development	Operational:Typical Work Streams:Strategic Management And Governance:Idp Planning And Revision	R-EC139	ADMIN OR HEAI	–	–	–	–	–
Planning And Development	Operational:Typical Work Streams:Strategic Management And Governance:Idp Planning And Revision	R-EC139	WHOLE OF TH	650	–	–	–	–
Planning And Development	Operational:Typical Work Streams:Strategic Management And Governance:Strategic Planning:Promotional	R-EC139	ADMIN OR HEAI	–	17	20	21	21
Planning And Development	Operational:Typical Work Streams:Tourism:Tourism Development	R-EC139	ADMIN OR HEAI	30	–	19	19	19
Planning And Development	Operational:Typical Work Streams:Tourism:Tourism Projects	R-EC139	ADMIN OR HEAI	–	–	–	–	–
Planning And Development	Default Transactions	*Financial Performance Indicators*	9 WHOLE OF TH	1	–	–	–	–
Planning And Development	Operational:Maintenance:Non-Infrastructure:Corrective Maintenance:Planned:Machine	*Machinery And Equipment*	9 WHOLE OF TH	–	–	–	–	–
Planning And Development	Operational:Maintenance:Non-Infrastructure:Corrective Maintenance:Planned:Machine	*Machinery And Equipment*	)LE OF MUNICI	–	–	–	–	–
Planning And Development	Operational:Maintenance:Non-Infrastructure:Corrective Maintenance:Planned:Other As	*Operational Buildings*	9 WHOLE OF TH	–	–	–	–	–
Planning And Development	Operational:Maintenance:Non-Infrastructure:Corrective Maintenance:Planned:Other As	*Operational Buildings*	)LE OF MUNICI	–	–	–	–	–
Road Transport	Operational:Municipal Running Cost	R-EC139	ADMIN OR HEAI	32 652	32 222	31 970	33 006	34 466
Road Transport	Operational:Municipal Running Cost	R-EC139	WHOLE OF TH	(145)	–	–	–	–
Road Transport	Operational:Municipal Running Cost	R-WHOLE OF MUNICI		–	2 218	1 766	2 447	2 643
Road Transport	Operational:Typical Work Streams:Capacity Building Training And Development:Workshops; Seminars And	R-EC139	ADMIN OR HEAI	–	–	–	–	–
Road Transport	Operational:Typical Work Streams:Communication And Public Participation:Awareness Campaign	R-EC139	ADMIN OR HEAI	1	–	–	–	–
Road Transport	Operational:Typical Work Streams:Communication And Public Participation:Public Participation Meeting	R-EC139	ADMIN OR HEAI	–	–	–	–	–
Road Transport	Operational:Typical Work Streams:Electrification	R-EC139	ADMIN OR HEAI	67	–	–	–	–
Road Transport	Operational:Typical Work Streams:Human Resources:Human Resource Management	R-EC139	ADMIN OR HEAI	–	–	–	–	–
Road Transport	Operational:Typical Work Streams:Strategic Management And Governance:Administrative Strategy And Pla	R-EC139	ADMIN OR HEAI	–	–	–	–	–
Road Transport	Operational:Typical Work Streams:Strategic Management And Governance:Strategic Planning:Promotional	R-EC139	ADMIN OR HEAI	–	–	–	–	–
Road Transport	Operational:Maintenance:Non-Infrastructure:Corrective Maintenance:Emergency:Furni	*Furniture And Office Equipment*	9 WHOLE OF TH	–	–	–	–	–
Road Transport	Operational:Maintenance:Non-Infrastructure:Corrective Maintenance:Planned:Furniture	*Furniture And Office Equipment*	)LE OF MUNICI	–	–	–	–	–
Road Transport	Operational:Maintenance:Non-Infrastructure:Corrective Maintenance:Emergency:Mach	*Machinery And Equipment*	9 WHOLE OF TH	–	–	–	–	–

Road Transport	Operational:Maintenance:Non-Infrastructure:Corrective Maintenance:Planned:Machine	*Machinery And Equipment*	9 WHOLE OF TH	71	–	–	–	–
Road Transport	Operational:Maintenance:Non-Infrastructure:Corrective Maintenance:Planned:Machine	*Machinery And Equipment*	OLE OF MUNICI	–	789	1 145	1 252	1 365
Road Transport	Operational:Maintenance:Non-Infrastructure:Corrective Maintenance:Emergency:Other	*Operational Buildings*	9 WHOLE OF TH	–	–	–	–	–
Road Transport	Operational:Maintenance:Non-Infrastructure:Corrective Maintenance:Planned:Other As	*Operational Buildings*	9 WHOLE OF TH	32	–	–	–	–
Road Transport	Operational:Maintenance:Non-Infrastructure:Corrective Maintenance:Planned:Other As	*Operational Buildings*	OLE OF MUNICI	–	–	–	–	–
Road Transport	Operational:Maintenance:Infrastructure:Corrective Maintenance:Planned:Rail Infrastruc	*Rail Infrastructure*	OLE OF MUNICI	–	–	–	–	–
Road Transport	Operational:Maintenance:Infrastructure:Corrective Maintenance:Planned:Roads Infrast	*Roads Infrastructure*	ADMIN OR HEAI	–	33	6	7	7
Road Transport	Operational:Maintenance:Infrastructure:Corrective Maintenance:Planned:Roads Infrast	*Roads Infrastructure*	9 WHOLE OF TH	1 045	–	–	–	–
Road Transport	Operational:Maintenance:Infrastructure:Corrective Maintenance:Planned:Roads Infrast	*Roads Infrastructure*	OLE OF MUNICI	–	5 685	4 531	4 757	4 757
Road Transport	Operational:Maintenance:Infrastructure:Corrective Maintenance:Planned:Roads Infrast	*Roads Infrastructure*	9 WHOLE OF TH	–	–	–	–	–
Road Transport	Operational:Maintenance:Infrastructure:Corrective Maintenance:Planned:Sanitation Infr	*Sanitation Infrastructure*	9 WHOLE OF TH	–	–	–	–	–
Road Transport	Operational:Maintenance:Infrastructure:Corrective Maintenance:Planned:Storm Water I	*Storm Water Infrastructure*	OLE OF MUNICI	–	53	–	–	–
Road Transport	Operational:Maintenance:Infrastructure:Corrective Maintenance:Planned:Water Supply	*Water Supply Infrastructure*	9 WHOLE OF TH	–	–	–	–	–
Road Transport	Operational:Maintenance:Infrastructure:Corrective Maintenance:Planned:Water Supply	*Water Supply Infrastructure*	9 WHOLE OF TH	–	–	–	–	–
Environmental Protection	Operational:Municipal Running Cost	R-EC139 ADMIN OR HEAI		965	1 120	1 131	1 104	1 174
Environmental Protection	Operational:Municipal Running Cost	R-EC139 WHOLE OF TH		–	–	–	–	–
Environmental Protection	Operational:Municipal Running Cost	R-WHOLE OF MUNICI		–	16	16	17	18
Environmental Protection	Operational:Typical Work Streams:Capacity Building Training And Development:Workshops; Seminars And	R-EC139 ADMIN OR HEAI		–	–	4	3	3
Environmental Protection	Operational:Typical Work Streams:Communication And Public Participation:Budget Road Show Public Part	R-EC139 ADMIN OR HEAI		–	–	–	–	–
Environmental Protection	Operational:Typical Work Streams:Strategic Management And Governance:Strategic Planning:Promotional	R-EC139 ADMIN OR HEAI		–	–	–	–	–
Environmental Protection	Default Transactions	*Financial Performance Indicators*	9 WHOLE OF TH	163	–	–	–	–
Environmental Protection	Operational:Maintenance:Non-Infrastructure:Corrective Maintenance:Planned:Machine	*Machinery And Equipment*	9 WHOLE OF TH	–	–	–	–	–
Environmental Protection	Operational:Maintenance:Non-Infrastructure:Corrective Maintenance:Planned:Machine	*Machinery And Equipment*	OLE OF MUNICI	–	15	–	–	–
Environmental Protection	Operational:Maintenance:Non-Infrastructure:Corrective Maintenance:Planned:Other As	*Operational Buildings*	9 WHOLE OF TH	–	–	–	–	–
Environmental Protection	Operational:Maintenance:Non-Infrastructure:Corrective Maintenance:Planned:Other As	*Operational Buildings*	OLE OF MUNICI	–	–	–	–	–
Environmental Protection	Operational:Maintenance:Infrastructure:Corrective Maintenance:Planned:Roads Infrast	*Roads Infrastructure*	9 WHOLE OF TH	20	–	–	–	–
Environmental Protection	Operational:Maintenance:Infrastructure:Corrective Maintenance:Planned:Roads Infrast	*Roads Infrastructure*	OLE OF MUNICI	–	–	–	–	–
Environmental Protection	Operational:Maintenance:Infrastructure:Corrective Maintenance:Planned:Roads Infrast	*Roads Infrastructure*	9 WHOLE OF TH	–	–	–	–	–
Energy Sources	Operational:Municipal Running Cost	R-EC139 ADMIN OR HEAI		33 327	46 569	43 459	45 590	48 934
Energy Sources	Operational:Municipal Running Cost	R-EC139 WHOLE OF TH		213 118	–	–	–	–
Energy Sources	Operational:Municipal Running Cost	R-WHOLE OF MUNICI		–	147 665	201 113	201 597	217 806
Energy Sources	Operational:Typical Work Streams:Aids/Hiv; Tuberculosis And Cancer:Aids Day	R-EC139 ADMIN OR HEAI		–	689	689	689	689
Energy Sources	Operational:Typical Work Streams:Capacity Building Training And Development:Workshops; Seminars And	R-EC139 ADMIN OR HEAI		0	19	104	109	114
Energy Sources	Operational:Typical Work Streams:Communication And Public Participation:Public Participation Meeting	R-EC139 WHOLE OF TH		64	–	–	–	–
Energy Sources	Operational:Typical Work Streams:Electrification	R-EC139 ADMIN OR HEAI		538	–	–	–	–
Energy Sources	Operational:Typical Work Streams:Functions And Events:Recreational Functions	R-EC139 ADMIN OR HEAI		–	–	–	–	–
Energy Sources	Operational:Typical Work Streams:Human Resources:Human Resource Management	R-EC139 ADMIN OR HEAI		–	–	–	–	–
Energy Sources	Operational:Typical Work Streams:Indigent And Cultural Management And Services	R-EC139 WHOLE OF TH		85	–	–	–	–
Energy Sources	Operational:Typical Work Streams:Municipal Properties	R-WHOLE OF MUNICI		–	–	–	–	–
Energy Sources	Operational:Typical Work Streams:Strategic Management And Governance:Administrative Strategy And Pla	R-EC139 ADMIN OR HEAI		467	356	–	–	–
Energy Sources	Operational:Typical Work Streams:Strategic Management And Governance:Strategic Planning:Promotional	R-EC139 ADMIN OR HEAI		–	166	396	416	416
Energy Sources	Operational:Maintenance:Infrastructure:Corrective Maintenance:Planned:Electrical Infra	*Electrical Infrastructure*	ADMIN OR HEAI	–	148	554	582	582
Energy Sources	Operational:Maintenance:Infrastructure:Corrective Maintenance:Planned:Electrical Infra	*Electrical Infrastructure*	9 WHOLE OF TH	–	–	–	–	–
Energy Sources	Operational:Maintenance:Infrastructure:Corrective Maintenance:Planned:Electrical Infra	*Electrical Infrastructure*	9 WHOLE OF TH	3 320	–	–	–	–
Energy Sources	Operational:Maintenance:Infrastructure:Corrective Maintenance:Planned:Electrical Infra	*Electrical Infrastructure*	OLE OF MUNICI	–	3 923	3 950	4 147	4 147

Energy Sources	Operational:Maintenance:Non-Infrastructure:Corrective Maintenance:Planned	–	Governance	inery And Equip	WHOLE OF T	0	0	49	–	–	–	–
Energy Sources	Operational:Maintenance:Non-Infrastructure:Corrective Maintenance:Planned	–	Governance	inery And Equip	LE OF MUNICI	0	0	–	251	491	515	811
Energy Sources	Operational:Maintenance:Non-Infrastructure:Corrective Maintenance:Planned	–	Governance	lunicipal Offices	WHOLE OF T	0	0	18	–	–	–	–
Energy Sources	Operational:Maintenance:Non-Infrastructure:Corrective Maintenance:Planned	–	Governance	lunicipal Offices	LE OF MUNICI	0	0	–	–	–	–	–
Energy Sources	Operational:Typical Work Streams:Cost Of Free Basic Services:Electricity (	–	Inclusion and Access	(50kwh Per In	LE OF MUNICI	0	0	–	–	–	–	–
Waste Water Management	Operational:Municipal Running Cost	M123	Governance	R-EC139	ADMIN OR HEA	0	0	34 832	–	–	–	–
Waste Water Management	Operational:Municipal Running Cost	M123	Governance	R-EC139	WHOLE OF T	0	0	4 874	–	–	–	–
Waste Water Management	Operational:Typical Work Streams:Communication And Public Participation:F	–	Inclusion and Access	R-EC139	ADMIN OR HEA	0	0	–	–	–	–	–
Waste Water Management	Default Transactions	–	Governance	Revenue Items	WHOLE OF T	0	0	–	–	–	–	–
Waste Water Management	Operational:Maintenance:Non-Infrastructure:Corrective Maintenance:Emerge	–	Governance	inery And Equip	WHOLE OF T	0	0	–	–	–	–	–
Waste Water Management	Operational:Maintenance:Non-Infrastructure:Corrective Maintenance:Planned	–	Governance	inery And Equip	WHOLE OF T	0	0	1 608	–	–	–	–
Waste Water Management	Operational:Maintenance:Non-Infrastructure:Corrective Maintenance:Planned	–	Governance	lunicipal Offices	WHOLE OF T	0	0	–	–	–	–	–
Waste Water Management	Operational:Maintenance:Infrastructure:Corrective Maintenance:Planned:Rail	–	Inclusion and Access	Rail Lines	WHOLE OF T	0	0	–	–	–	–	–
Waste Water Management	Operational:Maintenance:Infrastructure:Corrective Maintenance:Planned:Roa	–	Inclusion and Access	Road Structures	WHOLE OF T	0	0	1 823	–	–	–	–
Waste Water Management	Operational:Maintenance:Infrastructure:Corrective Maintenance:Planned:Roa	–	Inclusion and Access	Roads	WHOLE OF T	0	0	(22)	–	–	–	–
Waste Water Management	Operational:Maintenance:Infrastructure:Corrective Maintenance:Planned:Stor	–	Inclusion and Access	ainage Collecti	WHOLE OF T	0	0	0	–	–	–	–
Waste Water Management	Operational:Maintenance:Infrastructure:Corrective Maintenance:Planned:Stor	–	Inclusion and Access	Water Convey	WHOLE OF T	0	0	–	–	–	–	–
Waste Management	Operational:Municipal Running Cost	M123	Governance	R-EC139	ADMIN OR HEA	0	0	34 323	45 061	49 974	53 540	57 028
Waste Management	Operational:Municipal Running Cost	M123	Governance	R-EC139	WHOLE OF T	0	0	1 212	–	–	–	–
Waste Management	Operational:Municipal Running Cost	M123	Governance	R-	WHOLE OF MUNICI	0	0	–	1 173	1 813	1 958	2 115
Waste Management	Operational:Typical Work Streams:Capacity Building Training And Developm	–	Governance	R-EC139	ADMIN OR HEA	0	0	–	–	–	–	–
Waste Management	Operational:Typical Work Streams:City Cleanliness And Clean-Up:Clean-Up	–	Inclusion and Access	R-EC139	ADMIN OR HEA	0	0	–	–	–	–	–
Waste Management	Operational:Typical Work Streams:Communication And Public Participation:E	–	Inclusion and Access	R-EC139	ADMIN OR HEA	0	0	1	–	–	–	–
Waste Management	Operational:Typical Work Streams:Human Resources:Human Resource Ma	–	Governance	R-EC139	ADMIN OR HEA	0	0	–	–	–	–	–
Waste Management	Operational:Typical Work Streams:Indigent And Cultural Management And S	–	Inclusion and Access	R-EC139	WHOLE OF T	0	0	5 840	–	–	–	–
Waste Management	Operational:Typical Work Streams:Strategic Management And Governance:S	–	Governance	R-EC139	ADMIN OR HEA	0	0	–	–	–	–	–
Waste Management	Operational:Maintenance:Non-Infrastructure:Corrective Maintenance:Planned	–	Governance	inery And Equip	WHOLE OF T	0	0	411	–	–	–	–
Waste Management	Operational:Maintenance:Non-Infrastructure:Corrective Maintenance:Planned	–	Governance	inery And Equip	LE OF MUNICI	0	0	–	608	1 153	1 211	1 272
Waste Management	Operational:Maintenance:Non-Infrastructure:Corrective Maintenance:Planned	–	Governance	lunicipal Offices	WHOLE OF T	0	0	–	–	–	–	–
Waste Management	Operational:Maintenance:Non-Infrastructure:Corrective Maintenance:Planned	–	Governance	lunicipal Offices	LE OF MUNICI	0	0	–	–	–	–	–
Waste Management	Operational:Typical Work Streams:Cost Of Free Basic Services:Waste Mana	–	Inclusion and Access	moved Once A	LE OF MUNICI	0	0	–	–	–	–	–
Other	Operational:Municipal Running Cost	M123	Governance	R-EC139	ADMIN OR HEA	0	0	(19)	139	159	157	167
Other	Operational:Typical Work Streams:Capacity Building Training And Developm	–	Governance	R-EC139	ADMIN OR HEA	0	0	–	4	–	–	–
Other	Operational:Maintenance:Non-Infrastructure:Corrective Maintenance:Planned	–	Governance	lunicipal Offices	WHOLE OF T	0	0	–	–	–	–	–
Other	Operational:Maintenance:Non-Infrastructure:Corrective Maintenance:Planned	–	Governance	lunicipal Offices	LE OF MUNICI	0	0	–	–	–	–	–
Parent Operational expenditure							0	722 808	615 977	769 630	797 363	830 601

Enoch Mgijima Municipality

DRAFT BUDGET

APPENDIX A

RATES AND TARIFFS

2019/20 – 2021/22

The following tariffs were adopted by council :

ROPERTY RATES AND LEVIES Proposed 2019/20 General Rate	2019/2020	2018/2019	
Domestic (cents in a Rand)	0.00839055	0.00839055	Cents in a Rand
Business/ Commercial (cents in a Rand)	0.01060689	0.01060689	Cents in a Rand
Government/ Parastatals (State Owned) (cents in a Rand)	0.00839202	0.00839202	Cents in a Rand
Agricultural (cents in a Rand)	0.00214305	0.00214305	Cents in a Rand
PSI (cents in a Rand)	0.00214305	0.00214305	Cents in a Rand
Parking Development Rate (cents in a Rand)			Cents in a Rand
Vacant land	0.03918873	0.03918873	Cents in a Rand
Municipal Properties			Exempted
Places of Worship			Exempted
PBO			Exempted

PROPOSED REFUSE TARIFFS 2019/20 FY

				PROPOSED	PROPOSED	PROPOSED	PROPOSED
DESCIPTION	REMOVALS PER WEEK	CHARGE PER BIN 2017/18	ADDITIONAL BIN 2017/18	CHARGE PER BIN 2018/19	ADDITIONAL BIN 2018/19	CHARGE PER BIN 2019/20	ADDITIONAL BIN 2019/2
DOMESTIC	1	R 94,68	R 94,68	R 98,94	R 98,94	R 104.00	R 104.00
BUSINESS/OTHER	2	R 147,53	R 110,70	R 157,16	R 115,68	R 165,00	R 121,46
BUSINESS/OTHER	3	R 221,35	R 166,05	R 231.31	R 173,52	R 243.00	R 182,19
BUSINESS/OTHER	4	R 295,15	R 213,60	R 308,43	R 223,21	R 323,85	R 234,37
BUSINESS/OTHER	5	R 368,93	R 276,55	R 385,53	R 288, 99	R 404,80	R 303,43
BUSINESS/OTHER	6	R 442,65	R 289,97	R 462,56	R 301.01	R 485,68	R 316,00
INDIGENTS	1	R 0,00	R 0,00	R 0,00	R 0, 00	R 0,00	R 0,00
OLD AGE HOMES	1	R 94,68	R 94,68	R 98,94	R 98,94	R 104,00	R 104,00
BULK CONTAINER - SMALL		R 260,39	R 175,20	R 272,10	R 183,08	R 285,70	R 192,23
BULK CONTAINER - LARGE		R 372,32	R 175,68	R 389,07	R 183,58	R 408,52	R 192,75
4.5M CONTAINERS		R 457,78	R 259,80	R 478,38	R 271,14	R 502,29	R 284,69
18M CONTAINERS		R 705,74	R 378,37	R 737,49	R 395, 39	R 774,36	R 415,15
770 LITRE CONTAINERS		R 282,89	R 143,08	R 295,62	R 149,51	R 310,40	R 156,98
REFUSE DISPOSAL SITE			R 94,50		R 98, 75		R 104.00

ELECTRICITY TARIFF 2019-2020 FINANCIAL YEAR

DOMESTIC TARIFFS

		2018/19	2019/20	%
Domestic High T1 & Farm Lines				
Tariff Blocks		***c/kWh***	***c/kWh***	
Block 1	(0 - 50 kWh)	92.51	104.60106	13%
Block 2	(51 - 350 kWh)	119.38	134.98297	13%
Block 3	(351 - 600 kWh)	164.33	185.80793	13%
Block 4	(>600 kwh)	194.56	219.98899	13%
Basic Charge: R/month		195	220.4865	13%

Domestic Pre-Paid T2				
Tariff Blocks		***c/kWh***	***c/kWh***	
Block 1	(0 - 50 kWh)	92.51	104.60106	13%
Block 2	(51 - 350 kWh)	119.38	134.98297	13%
Block 3	(351 - 600 kWh)	164.33	185.80793	13%
Block 4	(>600 kwh)	194.56	219.98899	13%

	2018/19	2019/20	%
Domestic Consumers High			
Basic Charge: (R/month)	167.07	188.91	13%
Energy Charge (c/kWh):	148.61	168.03	13%

Domestic Pre-Paid Indigent			
Basic Charge: (R/month)	165.51	187.14216	13%
Energy Charge (c/kWh):	109.08	123.33676	13%

	2018/19	2019/20	%
Domestic Indigent Pre-Paid			
Energy Charge (c/kWh):	135.2	152.87064	13%

Residential Pre-Paid & Demand 0-59Amp Incl. Churches			
Energy Charge (c/kWh):	154.28	174.4444	13%

COMMERCIAL TARIFFS

Former LUKHANJI:

	2018/19	2019/20	% Increase
Commercial Pre-Paid T4			
Energy Charge (c/kWh)	201.93	228.32	13%
Commercial Old Age Homes			
Basic Charge: (R/month)	798.95	903.37	13%
Energy Charge (c/kWh):	54.17	61.25	13%
Demand Charge (c/KVA)	148.39	167.78	13%
Commercial Small Users T3			
Basic Charge: (R/month)	704.45	796.52	13%
Energy Charge (c/kWh):			
≤500	*201.8*	228.17526	13%
>500	*157.52*	178.107864	13%
Farm Lines: General Power Users			
Basic Charge: (R/month)	704.45	796.52	13%
Energy Charge (c/kWh):			
≤500	*203.85*	230.49	13%
>500	*159.32*	180.14	13%

Former INKWANCA:

Small Commercial/ Government Consumers			
Basic Charge: (R/month)	430.76	487.06	13%
Energy Charge (c/kWh):	177.46	200.65	13%

Former TSOLWANA:

Commercial Pre-Paid			
Energy Charge (c/kWh):	170.21	192.46	13%
Commercial Credit Metering			
Basic Charge: (R/month)	200.14	226.30	13%
Energy Charge (c/kWh):	170.20	192.45	13%
Commercial Bakery			
Basic Charge: (R/month)	187.21	211.68	13%
Energy Charge (c/kWh):	153.85	173.96	13%
Commercial Large kVA			
Basic Charge: (R/month)	352.54	398.62	13%
Energy Charge (c/kWh):	59.73	67.54	13%
Demand Charge (c/KVA)	195.62	221.19	13%

INDUSTRIAL TARIFFS

Former LUKHANJI:

		2018/19	2019/20	% Increase
Large Power Users ≤80kVA T5				
Basic Charge: (R/month)		1 356.17	1 533.42	13%
Energy Charge (c/kWh):		90.20	101.99	13%
Demand Charge (c/KVA)		246.83	279.09	13%
Demand Charge (c/KVA); Where demand <80		8 174.89	9 243.35	13%

Former INKWANCA:

Large Consumers				
Basic Charge: (R/month)		294.73	333.25	13%
Energy Charge (c/kWh):		63.28	71.55	13%
Demand Charge (c/KVA)		136.98	154.88	13%

TIME OF USE (TOU) TARIFFS

	2018/19 Approved Tariffs		2019/20 Proposed Tariffs (Excl. Vat)		% Increase	
TX<100 000kWh <80kVA						
	Low Season	***High Season***	***Low Season***	***High Season***	***Low Season***	***High Season***
Basic Charge: (R/month)	625.54	0.00	707.298078	0.00	13%	
Energy Charge (c/kWh):						
Peak c/kWh	323.37	329.23	365.634459	372.260361	13%	13%
Standard c/kWh	140.6	146.45	158.97642	165.591015	13%	13%
Off-Peak c/kWh	72.64	72.64	82.134048	82.134048	13%	13%
Reactive Energy c/kVArh		15.23		17.220561		13%

T7<100 000kWh >80kVA	**2018/19 Approved Tariffs**		**2019/20 Proposed Tariffs (Excl. Vat)**		**% Increase**	
	Low Season	***High Season***	***Low Season***	***High Season***	***Low Season***	***High Season***
Basic Charge: (R/month)	1201.94	0	1359.033558	0	13%	
Demand Charge (c/KVA)	98.87	105.7	111.792309	119.51499	13%	13%
Energy Charge (c/kWh):						
Peak c/kWh	193.31	214.41	218.575617	242.433387	13%	13%
Standard c/kWh	119.5	119.5	135.11865	135.11865	13%	13%
Off-Peak c/kWh	67.95	72.64	76.831065	82.134048	13%	13%
Reactive Energy c/kVArh		15.23		17.220561		13%

LIBRARIES - 2019/2020

Tariff Ref #	Sub #	Listing of Adopted Tariffs ALL TARIFFS ARE EXCLUSIVE OF VAT	2017/2018	2018/2019	2019/2020
		LIBRARIES FINES : VAT Inclusive			
		1. Books, CD's, Art prints	R 1.50	DSRAC	DSRAC
		3. Lost member pocket	R 2.50	DSRAC	DSRAC
		3 Lost member card (PALS)	R 12.00	DSRAC	DSRAC
		4. Visitors	R 28.00	R 30.00	R 30.00
		5. Internet/ 30 min (Only relevant to Internet provided by Municipality)	R 20.00	R 20.00	R 15.00
		7. Photocopies & Printing		DSRAC	DSRAC
		A4 Black	R 1.00	DSRAC	DSRAC
		A3 Black	R 2.50	DSRAC	DSRAC
		A4 Colour	R 6.00	DSRAC	DSRAC
		A3 Colour	R 12.00	DSRAC	DSRAC
		8. Membership fees	R 50.00	R 50.00	R 50.00
40					
		LIBRARY HALL HIRE FEES			
		Hall hire during office hours	R 50.00	R 52.00	R 55.00
		After hours (plus caretakers overtime)	R 60.00	R 63.00	R 66.00
		Cups & Saucers per 50 persons or part thereof)	R 40.00	R 42.00	R 44.00
		Plates	R 35.00	R 37.00	R 39.00
		Cleaning	R 130.00	R 137.00	R 144.00
		Admin Costs (percentage of total costs)	10%	10%	10%
		Use of Kitchen	R 100.00	R 105.00	R 110.00
		Urn	R 40.00	R 42.00	R 44.00
41		Stove	R 60.00	R 63.00	R 66.00

SALE OF PLANTS			2018/2019	2019/2020
	Incl VAT	Incl VAT		
Seedlings			0.5	0.5
Shrubs			R 27-00	R28,.35
Trees (In containers)			R 60-00	R63.00
Trees (ex open grounds)			R 50-00	R52.50
Hire of Large plants			R 25-00	R26.25
Hire of Small plants			R15-00	15.75
Potting soil bag (small)			R10-00	R10.50
Potting soil bag (large)			R60-00	R63.00
Potplants 7.5cm			R 20-00	R21.00
Potplants 10cm			R 25-00	R26.25
Potplants 12.5cm			R 30-00	R31.50
Potplants 15cm			R35-00	R36.75
Potplants 20cm			R 50-00	R52.50
SWIMMING POOL FEES : VAT Inclusive			**2018/2019**	2019/2020
Entrance fee (Adults)			R10-00	R10.50
Entrance fee (Children)			R5-00	R5.25
Season Tickets			R200-00	R210.00
BERRY USAGE FEES : VAT Inclusive			**2018/2019**	2019/2020
Entrance fees : per vehicle with 5 people			R45-00	R47.25
Entrance fees : additional people per person			R9-00	R9.45
Season Tickets			R 200-00	R210.00
BONKOLO USAGE FEES : VAT iNCLUSIVE				
Entrance fee per person - Adult			R20-00	R21.00
Entrance fee per person - Children			R10-00	R10.50
Fishing permit for overnight persons. Fishing only			R300-00	R315.00
Hire of facality for events			R 4500-00	R4725.00
GAME RESERVE ENTRANCE FEES : VAT Inclusive			**2018/2019**	2019/2020
Entrance fees : per vehicle with 5 people			R45-00	R47.25
Entrance fees : additional people per person			R9-00	R9.45
Season Tickets			R200-00	R210.00
GAME RESERVE LAPA AND SUNNYSIDE HIRE FEES			**2018/2019**	2019/2020
	Excl VAT	Excl VAT		
Hire of Lapa (Maximum of 40 people)			R 800-00	R840.00
Deposit of Lapa (refundable under conditions)			R 350-00	R367.50
Overtime - Saturday			R150-00	R157.50
Overtime - Sunday			R 200-00	R210.00
Hire of Sunnyside (maximum of 100 people)			R1500-00	R15750.00
Deposit for Sunnyside			R 500-00	R525.00
Guided Vehicle Tour			R 120-00	R126.00
Caravan or Tent			R 120-00	R126.00
Electricity			R 70-00	R73.50
Only educational tours are free of charge.				
CEMETERY CHARGES EXCLUDING VAT			**2018/2019**	2019/2020
CEMETRIES ; MLUNGISI, EZIBELENI, WHITTLESEA & ILINGE & LESSEYTON				
Adult Plot			R240-00	R252.00
Casket Plot			R270-00	R283.50
Baby Plot			R140-00	R147.00
Digging of a Baby Plot			R160-00	R168.00
Digging of Adult Grave			R270-00	R283.50
Digging of Casket Grave			R320-00	R336.00
Closing of Grave			R170-00	R178.50
Closing of Baby Grave		100	R125-00	R131.50
CEMETRIES - NEW (Lukhanji and Queenstown)				
BERM SECTION				
Adult Plot and Casket Plot			R350-00	R365.00
Digging of Adult Grave			R350-00	R365.00
Digging of Casket Grave			R400-00	R420.00
Closing of Grave			R240-00	R252.00
Exhumation of Body			R1800-00	R1890.00
Funerals on Public Holidays			DOUBLE TARIFFS	
CEMETERY - NEW MONUMENTAL SECTION				
Digging of Adult Grave			R 515-00	R542.75
Single Plot			R 525-00	R551.25
Double Plot			R1050-00	R1102.50
Digging of Casket Grave			R850 -00	R892.50
Digging of Extra Deep Grave			R240-00 extra	R252.00
Digging of Outsize Casket Grave			R240-00 extra	R252.00
Closing of Grave			R270-00	R283.50
Wall of Remembrance			R 300-00	R315.00
Ash Grave			R150-00	R157.50
Burial of Ashes in existing grave			R150-00	R157.50
Erection of monuments : Single Grave			R200-00	R210.00
Erection of monuments : Double Grave			R400-00	R420.00
CEMETERY - NEW BABY SECTION				
Closing of Baby Grave			R140-00	R147.00
Outsize Baby Grave			R50-00 extra	R52.50
Digging of Baby Grave			R230-00	R24.15
Baby Plot		155	R240-00	R252.00
EXHUMATION OF BODY				
Exhumation	R 900.00	900	R1800-00	R1890.00
POUND FEES - EXCLUDING VAT			**2018/2019**	2019/2020
RATE OF COMPENSATION	Excl VAT	Excl VAT		
For animals delivered to the pound, whether one or more per kilometer or portion of a kilometer			R6-50	R 683
For animals transported by vehicle, per kilometer or portion of a kilometer			R16-50	R17.33
Use of commonage for innitiation school			R350-00	R367.50
Deposit of initiation site			R50-00	R52.50
Price of Lucern	Actual	Actual	Actual	

Human Settlement and Land Development

Application for Consent	**2019/20**
Application fees	
Application for rezoning	
Erven 0-1000m2	1500-00
Erven 1001-2500 m2	2000-00
Erven 2501 - 5000m2	2500-00
Erven 5001-10 000 m2	4500-00
Erven 1ha - 5ha	9000-00
Erven 5ha and above	12000-00
Advertising fees	3500-00
Application for subdivison - application fees	
Basic fee	2200-00
Charge per subdivison (remainder considered subdivison)	170-00
Exempted subdivision	1000-00
Amendment or cancellation of subdivision plan	
Application for Cell Mast (per application)	1000-00
Exempted consolidation	1000-00
Removal amendment /or suspension of a restrive condition	3000-00
Consent uses	2000-00
Departure Permanent /temporal	2200-00
Ancillary application	2000-00
Closure of public space	2000-00
zoning certificates	70-00
Occassional use of land	500-00
Closure of public road way	1500-00
Spaza Shop application fees	1000-00
Land administration applications	1800-00

FIRE SERVICE TARRIFS **2019/2020**

FIRE BRIGADE FEES	
TURNOUT	
Machines	R350.00
Each service vehicle used	R350.00
Veld fire units	R500.00
Hazmat unit	R500.00
TRAVELLING : KILOMETERS	
Machines	R30.00
Veld fire units	R12.00
Each service vehicle	R16.00
OPERATING	
Operating pump and equipment	R150.00
Service vehicles	R 80.00
Veld fire units	R120.00
STANDBY	
All vehicle per hour	R90.00
Service vehicles	R50.00
Fire extinguishers and foam	**Foam plus 20%**
TESTING OF EQUIPMENT AND INSTALLATION	
Sprinkler system	
Up to five installations per premises	R200.00
Over to five installations per premises	R 30.00
TESTING AND REPAIRS : HOSE AND COUPLINGS	
Hose (All diameter)	
Pressure testing per length	R 85.00
Vulcanizing per patch	R105.00
Big Suction	R105.00
Big suction (all diameters)	R105.00
Wire bending each type	R105.00
Big Suction	R 95.00
Turning couplings (all diameters)	
Hose per pair	R 85.00
Suction per pair	R 75.00
FIRE PERSONNEL FEES	
Chief Fire Officer	R250.00 PER/HOUR
Each Fire Officer	R150.00 PER/HOUR

Each Fire Fighter	R120.00 PER/HOUR
Fire Service Standby Fees	
Chief Fire Officer	R250.00 PER/HOUR
Each Fire Officer	R150.00 PER/HOUR
Each Fire Fighter	R120.00 PER/HOUR
FIRE SERVICE CASUAL FEES	
Fire Fighters	R120.00 PER/HOUR
For attendance of personnel or use of equipment and material	
BREATHING OF APPARATUS	
Compressed air type	R250.00
	Set plus R50.00 Per cylinder
FIRE SERVICE – OTHER CHARGES	
Recharging cylinders	R250.00
Oxygen resuscitation apparatus plus cost of recharging	
Portable lathing equipment – 5kw unit per hour	R250.00
Smoke extractor – Whilst in operation	R250.00
Smoke extractor – Whilst Standing per hour	R 75.00
Portable foam apparatus	
Generator or branch per hour	R135.00
Medium expansion generator	R90.00
Portable tank	R185.00
Chemical	R200.00
Water	
For each hour or part thereof during which water is supplied:	
Large bore hose	R160.00
Small bore hose	R130.00
Floating Pumps	100/PH
Event compliance	
Application plus R320.00 per day thereafter	R1500.00
Fitness certificates	
Bulk depot	R500.00
Dry cleaning	R500.00
Spray rooms	R500.00
Certificates	
Basic Fire Training	R200.00
Compliance Certificate	R500.00
FIRE SERVICE LEVIES PER/MONTH	
Normal house holds	R 55.00 PER Month
Business	R150.00 PER Month
Bulk business	R250.00 PER Month
High risk business (Petrol & Diesel Stations, Factories) etc	R350.00 PER Month

The rest of the minor tariffs are contained in the tariff book obtainable at the Budget and Treasury Offices

ENOCH MGIJIMA
LOCAL MUNICIPALITY

Enoch Mgijima Local Municipality

DRAFT BUDGET

APPENDIX B

NEW AND REVISED POLICIES

2019/20 – 2021/22

ENOCH MGIJIMAMGIJIMA LOCAL MUNICIPALITY

Supply Chain Management Policy

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1. Definitions

In this policy and any bid documentation or directive issued in terms thereof, the singular includes the plural and vice versa, any one gender includes both genders and, unless the context otherwise indicates, a word or expression to which a meaning has been assigned in the Municipal Finance Management Act has the same meaning as in this Act and -

“Accounting Officer” means the manager of the municipal administration and accounting officer of the Enoch Mgijima Local Municipality appointed by the council in terms of section 54A of the Local Government: Municipal Systems Act No. 32 of 2000 and includes any employee of the Enoch Mgijima Local Municipality who acts in his stead and, in the event of the Enoch Mgijima Local Municipality being subject to an intervention in terms of section 139 of the Constitution or any other applicable law, includes the “Administrator” appointed as a consequence of such intervention or in terms of the conditions pertaining thereto;

"All applicable taxes" includes value-added tax, pay as you earn, income tax, skills development levies and unemployment insurance fund contributions;

"B-BBEE" means broad-based black economic empowerment as defined in section 1 of the Broad-Based Black Economic Empowerment Act;

"B-BBEE status level of contributor" means the B-BBEE status received by a measured entity based on its overall performance using the relevant scorecard contained in the Codes of Good Practice on Black Economic Empowerment;

“Bid” means a written offer in a prescribed or stipulated form in response to an invitation to bid issued by the Enoch Mgijima Local Municipality for the procurement of goods, services or works through price quotations, advertised competitive bidding processes, limited bids or proposals or for the disposal of assets and **“tender**” has a corresponding meaning;

“Bid Committees” means the committees established in terms of this policy to prepare bid specifications, bid documentation, evaluate responsive bids and, where so authorized, to adjudicate responsive bids and any reference in section 117 of the Municipal Finance

Management Act to municipal tender committees shall be construed as a reference to the aforesaid committees;

"Bid documentation" means all documentation relating to or necessary in order to complete a procurement or disposal including but not limited to such specification, bidding, certification and contractual documentation as may be prescribed by National Treasury or the Construction Industry Development Board, as the case may be, for municipal supply chain management purposes and the implementation of this policy;

"Bidder" means any person who submits a bid or quotation to the Enoch Mgijima Local Municipality in response to an invitation to bid or quote and includes a **"tenderer'**;

"Bid rigging" means a prohibited collusive bidding practice in terms of which bidders that would normally be expected to compete in a procurement process either singularly or by association with other persons or firms in a horizontal relationship, secretly conspire to raise prices or lower the quality of goods and/or services or agree not to compete against each other in such process;

"Black people" is a generic term which means Africans, Coloureds and Indians;

"Broad-Based Black Economic Empowerment Act" means the Broad-Based Black Economic Empowerment Act No. 53 of 2003;

"Chief Financial Officer" means the official of the Enoch Mgijima Local Municipality designated as such in terms of section 80(2)(a) of the Municipal Finance Management Act;

"CIDB" means the Construction Industry Development Board;

"CIDB regulations" means any regulations issued in terms of the Construction Industry Development Board Act No. 38 of 2000;

“Codes of Good Practice” means the Codes of Good Practice on Black Economic Empowerment issued in terms of section 9 (1) of the Broad-Based Black Economic Empowerment Act and contained in General Notice 12 of 9 February 2007;

"Comparative price" means the price after the factors of a non-firm price and all unconditional discounts that can be utilized, have been taken into consideration;

“Competitive bidding process” means a transparent procurement method in which bids from competing contractors, suppliers or vendors are invited by openly advertising the scope, specifications, terms and conditions of the proposed contract as well as the criteria by which responsive bids received will be evaluated;

“Competitive bid” means a bid in terms of a competitive bidding process;

"Consortium or joint venture" means an association of persons for the purpose of combining their expertise, property, capital, efforts, skill and knowledge in an activity for the execution of a contract;

“Construction works” or **“works’** means the provision of a combination of goods and services arranged for the development, extension, installation, repair, maintenance, renewal, removal, renovation, alteration, dismantling or demolition of a fixed asset including building and engineering infrastructure;

“Contractor” means a person or body of persons who undertakes to execute and complete procured construction works for or on behalf of the Enoch Mgijima Local Municipality;

"Contract" means the agreement that results from the acceptance of a bid by the Enoch Mgijima Local Municipality in accordance with this policy;

“Council” means the council of Enoch Mgijima Local Municipality;

“Day” unless expressly otherwise provided in this policy, means a calendar day, provided that when any particular number of days is prescribed for the doing of any act, or for any other purpose, the same shall be reckoned exclusively of the first and inclusively of the last day, unless the last day happens to fall on a Sunday or on any public holiday, in which case the time shall be reckoned exclusively of the first day and exclusively also of every such Sunday or public holiday;

“Delegating authority” means the council, a duly authorized political structure or office bearer thereof, the Accounting Officer or other employee to whom original powers are assigned in terms of legislation and, in relation to a sub-delegation of a power, that delegated body;

“Delegation” means the issuing of a written authorization by a delegating authority to a delegated body to act in his stead and, in relation to a duty, includes an instruction or request to perform or to assist in performing the duty and “delegate” and sub-delegate has a corresponding meaning;

“Delegated body” in relation to the delegation of a power means the person to whom a power has been delegated by the delegating authority in writing;

“Designated Official” means the official of the Enoch Mgijima Local Municipality to whom the accounting officer or the chief financial officer, as the case may be, have, in accordance with sections 79 and 82 of the Municipal Finance Management Act No. 56 of 2003 delegated or sub-delegated powers, functions and duties in connection with the application and implementation of this policy provided that a sub-delegation by the chief financial officer to an official that has not been allocated to him by the accounting officer or to a person contracted by the Enoch Mgijima Local Municipality for the work of its budget and treasury office may only be so authorized with the concurrence of the accounting officer and provided further that the said chief financial officer is satisfied that effective systems and procedures are in place to ensure control and accountability by the person concerned;

"Designated sector" means a sector, sub-sector or industry that has been designated by the Department of Trade and Industry in line with national development and industrial policies for local production, where only locally produced services, works or goods or locally manufactured goods meet the stipulated minimum threshold for local production and content;

“Disposal” means a process of preparing, negotiating and concluding a written contract relating to the alienation or a capital asset whether movable or immovable owned by or under the control of the Enoch Mgijima Local Municipality or rights in respect thereof, by means of a sale, lease, donation or cession and **“dispose of”** has a similar meaning;

“Final award” in relation to bids or quotations submitted for a contract, means the final decision on which a bid or quote was accepted;

"Firm price" means the price that is only subject to adjustments in accordance with the actual increase or decrease resulting from the change, imposition, or abolition of customs or

excise duty and any other duty, levy or tax which, in terms of any applicable law or regulation, is binding on the contractor and demonstrably has an influence on the price of any supplies or the rendering costs of any service, for the execution of a contract;

“Formal written price quotations” means quotations referred to in paragraph 12 (1) (c) of this policy;

“**Functionality”** means the measurement according to predetermined norms, as set out in the bid specification, of a service or commodity that is designed to be practical and useful, working or operating, taking into account, among other factors, the quality, reliability, viability and durability of a service and the technical capacity and ability of a bidder;

“Fronting” means a deliberate circumvention or attempted circumvention of the "Broad-Based Black Economic Empowerment Act and the Codes of Good Practice;

“Head of Department” means a senior manager as defined in the Municipal Finance Management Act and who is responsible for a vote as assigned by the accounting officer;

"Imported content" means that portion of the bid or tender price represented by the cost of components, parts or materials which have been or are still to be imported (whether by the supplier or its sub-contractors) and which costs are inclusive of the costs abroad, plus freight

and other direct importation costs, such as landing costs, dock dues, import duty, sales duty or other similar tax or duty at the South African port of entry;

"In the service of the state" means to be -

(a) A member of -

(i) any municipal council;

(ii) any provincial legislature; or

(iii) the National Assembly or the National Council of Provinces;

(b) A member of the board of directors of any municipal entity;

(c) An official of any Enoch Mgijima Local Municipality or municipal entity;

(d) An employee of any national or provincial department, national or provincial public entity or constitutional institution within the meaning of the Act and the Public Finance Management Act, 1999 (Act No. 1 of 1999);

(e) A member of the accounting authority of any national or provincial public entity; or

(f) An employee of Parliament or a provincial legislature;

infrastructure delivery: the combination of all planning, technical, administrative and managerial actions associated with the construction, supply, renovation, rehabilitation, alteration, maintenance, operation or disposal of infrastructure

infrastructure procurement: the procurement of goods or services including any combination thereof associated with the acquisition, renovation, rehabilitation, alteration, maintenance, operation or disposal of infrastructure

“Line manager” means a manager reporting directly to a senior manager and who is responsible for a cost centre as assigned by the relevant senior manager;

"Local content" means that portion of the bid or tender price which is not included in the imported content, provided that local manufacture does take place;

“Long term contract” means a contract with a duration period exceeding one year;

“List of accredited prospective providers” means the list of accredited prospective providers which the Enoch Mgijima Local Municipality must keep in terms of paragraph 15 of this policy;

"Mayor" means the councillor elected by the council as Mayor in terms of section 48 of the Local Government: Municipal Structures Act No. 117 of 1998 read with section 58 of the Municipal Finance Management Act;

Maintenance: the combination of all technical and associated administrative actions during an item's service life to retain it in a state in which it can satisfactorily perform its required function

“**Enoch Mgijima Local Municipality”** means the Enoch Mgijima Local Municipality, a local municipality established in terms of section 12 of the Local Government: Municipal Structures Act No. 117 of 1998 and includes any employee entitled to or duly authorized to perform any function or duty in terms of this policy and/or is responsible for the implementation of this policy or any part thereof;

“Municipal Finance Management Act” means the Local Government: Municipal Finance Management Act No. 56 of 2003 and, unless otherwise stated in this policy, any reference to “the Act” shall mean a reference to this Act;

“Municipal Systems Act” means the Local Government: Municipal Systems Act No. 32 of 2000 and includes the regulations under this Act;

"Non-firm prices" means all prices other than "firm" prices;

"Other applicable legislation" means any other legislation applicable to municipal supply chain management, including but not limited to -

(a) the Preferential Procurement Policy Framework Act No. 5 of 2000;

(b) the Broad-Based Black Economic Empowerment Act No. 53 of 2003;

(c) the Construction Industry Development Board Act No. 38 of 2000;

(d) the Local Government: Municipal Systems Act No. 32 of 2000 (Municipal Systems Act);

(e) the Promotion of Administrative Justice Act No. 3 of 2000;

(f) the Promotion of Access to Information Act No. 2 of 2000;

(g) the Protected Disclosures Act No. 26 of 2000;

(h) the Competition Act No. 89 of 1998;

(i) the Prevention and Combating of Corrupt Activities Act No. 12 of 2004;

(j) Preferential Procurement Policy Framework Act, 2000: Preferential Procurement Regulations, 2017

Operation: combination of all technical, administrative and managerial actions, other than maintenance actions, that results in the item being in use

Order: an instruction to provide goods, services or any combination thereof under a framework agreement

Organ of state: an organ of state as defined in section 239 of the Constitution of the Republic of South Africa

"Person" includes an enterprise, partnership, trust, association, consortium, joint venture or a juristic person;

“Petty cash” means a relatively small amount of cash kept at hand for making immediate payment for miscellaneous small ± incurred by the Enoch Mgijima Local Municipality.

“Preferential Procurement Regulations” means the Preferential Procurement Regulations, 2011 contained in Government Notice R 502 of 8 June 2011 promulgated in Government Gazette No. 34350 of this date;

“Procurement” means the processes leading to the negotiation and conclusion of contracts whether in writing or verbally for the acquisition of goods, services or construction works or any combination thereof or the disposal of assets whether movable or immovable or any rights in such assets by means of purchase, sale, lease or donation and includes the preparation of all associated bid and contractual documentation and **“procured”** or **“procuring”** has a similar meaning;

Procurement document: documentation used to initiate or conclude (or both) a contract or the issuing of an order

Principal: a natural person who is a partner in a partnership, a sole proprietor, a director a company established in terms of the Companies Act of 2008 (Act No. 71 of 2008) or a member of a close corporation registered in terms of the Close Corporation Act, 1984, (Act No. 69 of 1984)

“Quotation” means a stated price that a supplier expects to receive for the provision of specified services, goods or works;

“Responsive bid” means a bid that complies in all material aspects with the requirements set out in or contained in an invitation to bid including the applicable specification;

"Small enterprise" means a separate and distinct business entity, together with its branches or subsidiaries, if any, including cooperative enterprises, managed by one owner or more predominantly carried on in any sector or sub-sector of the economy mentioned in column 1 of the Schedule to the National Small Business Act No. 102 of 1996 which is contained in

Annexure B to this policy and classified as a micro-, a very small, a small or a medium enterprise by satisfying the criteria mentioned in columns 3, 4 and 5 of the said schedule;

"Stipulated minimum threshold" means that portion of local production and content as determined by the Department of Trade and Industry from time to time;

"Sub-contract" means the primary contractor's assigning, leasing, making out work to, or employing, another person to support such primary contractor in the execution of part of a project in terms of a contract;

"Rand value" means the total estimated value of a contract in South African currency calculated at the time of bid invitations, and includes all applicable taxes and excise duties;

"SANAS" means the South African National Accreditation System;

Standard: the latest edition of the Standard for Infrastructure Procurement and Delivery Management as published by National Treasury

"Total revenue" bears the same meaning assigned to this expression in the Codes of Good Practice;

"Trust" means the arrangement through which the property of one person is made over or bequeathed to a trustee to administer such property for the benefit of another person;

"Trustee" means any person, including the founder of a trust, to whom property is bequeathed in order for such property to be administered for the benefit of another person;

"Treasury guidelines" means any guidelines on supply chain management issued by the Minister of Finance in terms of section 168 of the Municipal Finance Management Act;

“The Regulations” means the Local Government: Municipal Finance Management Act, 2003: Municipal Supply Chain Management Regulations published by Government Notice 868 of 2005;

“Verbal Quotations” means a verbal process of inviting quotations from an identified limited number of potential suppliers for the supply goods, services and/or works;

"Verification Certificate" means a B-BBEE certificate issued in compliance with the B-BBEE Codes of Good Practice and all Sector Codes issued in terms of Section 9(1) of the Broad-Based Black Economic Empowerment Act;

“Written quotations” means quotations referred to in paragraph 12 (1) (c) of this policy.

Working day: any day of a week on which is not a Sunday, Saturday or public holiday

IMPLEMENTATION OF SUPPLY CHAIN MANAGEMENT POLICY

2. Supply chain management policy

(1) All officials and other role players in the supply chain management system of the Enoch Mgijima Local Municipality must implement this policy in a way that -

(a) gives effect to Section 217 of the Constitution and Part 1 of Chapter 11 and other applicable provisions of the Act;

(b) is fair, equitable, transparent, competitive and cost effective;

(c) complies with the Regulations and any minimum norms and standards that may be prescribed in terms of section 168 of the Act;

(d) is consistent with other applicable legislation;

(e) does not undermine the objective for uniformity in supply chain management systems between organs of state in all spheres; and

(f) is consistent with national economic policy concerning the promotion of investments and the conduct of business with the public sector.

(2) This policy applies when the Enoch Mgijima Local Municipality –

(a) procures goods or services or undertakes construction works through a procurement process;

(b) disposes goods no longer needed;

(c) selects contractors to provide assistance with the provision of municipal services otherwise than in circumstances where Chapter 8 of the Municipal Systems Act applies; or

(d) selects external mechanisms referred to in section 80 (1) (b) of the Municipal Systems Act for the provision of municipal services in circumstances contemplated in section 83 of that Act.

(3) This policy, except where provided otherwise, does not apply in respect of the procurement of goods and services contemplated in section 110(2) of the Act, including, but not limited to -

(a) water from the Department of Water Affairs or a public entity, another local municipality or a municipal entity; and

(b) electricity from Eskom or another public entity, another municipality or a municipal entity.

(4) Notwithstanding anything to the contrary in this policy, the municipality shall not award a contract to a contractor in respect of the undertaking, carrying out or completion of any construction works or a portion thereof in terms of a competitive bidding or quotation process provided for in this policy unless such contractor is registered with the Construction Industry Development Board established by section 2 of the Construction Industry Development Board Act No. 32 of 2000 and holds a valid registration certificate issued by such Board or is exempted from such registration either in terms of this Act or the “CIDB Regulations”.

3. Amendment and adoption of the supply chain management policy

(1) The accounting officer must at least annually review the implementation of this policy and, when necessary, submit proposals for the amendment thereof to the council through the Mayor acting in conjunction with the mayoral committee.

(2) If the accounting officer submits proposed amendments to this policy to the council, he must ensure that same comply with the Regulations and Treasury guideline standards determining standards for municipal supply chain management policies.

(3) The accounting officer must report any deviation from the Regulations and Treasury guideline standards determining standards for municipal supply chain management policies to the National and Provincial Treasuries.

(4) When amending this policy, the need for uniformity in supply chain practices, procedures and forms between all spheres of organs of state particularly to promote accessibility of supply chain management systems for small businesses, must be taken into account.

(5) By adopting this policy the council further pledges itself and the municipal administration, to the full support of the Proudly SA campaign and to the observance of all applicable national legislation, including specifically the:

(i) Preferential Procurement Policy Framework Act No. 5 of 2000 and ts regulations
(ii) Broad Based Black Economic Empowerment Act No. 53 of 2003 and any applicable code of practice promulgated in terms of that Act; and
(iii) Municipal Finance Management Act No. 56 of 2003, including the regulations relating to the prescribed framework for supply chain management.
(iv) Where applicable the council also pledges itself to observe the requirements of the Construction Industry Development Board Act No. 38 of 2000 and regulations and
(v) National Small Business Act of 1996.

4. Delegation of supply chain management powers and duties

(1) The council hereby delegates all powers and duties to the accounting officer which are necessary to enable him -

(a) to discharge the supply chain management responsibilities conferred on accounting officers in terms of -

(i) chapters 8 of the Act; and

(ii) this policy; and

(b) to maximize administrative and operational efficiency in the implementation of this policy; and

(c) to enforce reasonable cost-effective measures for the prevention of fraud, corruption, favouritism and unfair and irregular practices in the implementation of this policy; and

(d) to comply with his responsibilities in terms of section 115 and other applicable provisions of the Act.

(2) Sections 79 and 106 of the Act apply to the sub-delegation of powers and duties delegated to an accounting officer in terms of subparagraph (1).

(3) The accounting officer may not sub-delegate any supply chain management powers or duties to a person who is not an official of the municipality or to a committee which is not exclusively composed of officials of the municipality.

(4) This paragraph may not be read as permitting an official to whom the power to make final awards has been delegated, to make a final award in a competitive bidding process otherwise than through the committee system provided for in paragraph 27 of this policy.

5. Sub-delegations

(1) The accounting officer may, in terms of section 79 of the Act, sub-delegate any supply chain management powers and duties, including those vested in him in terms of legislation or delegated to him in terms of this policy or by resolution of the council, but any such sub-delegation must be consistent with subparagraph (2) and paragraph 4 of this policy.

(2) The power to make a final award -

(a) above R10 million (VAT included) may not be sub-delegated by the accounting officer;

(b) above R2 million (VAT included), but not exceeding R10 million (VAT included), may be sub-delegated by the accounting officer but only to -

(i) the chief financial officer;

(ii) a senior manager; or

(iii) a bid adjudication committee of which the chief financial officer or a senior manager is a member;

(c) not exceeding R2 million (VAT included) may be sub-delegated by the accounting officer but only to -

(i) the chief financial officer;

(ii) a senior manager;

(iii) a manager directly accountable to the chief financial officer or a senior manager; or

(iv) a bid adjudication committee.

(3) An official or bid adjudication committee to whom or which the power to make final awards has been sub-delegated in accordance with subparagraph (2) must, within five days of the end of each month, submit to the official referred to in subparagraph (4) a written report containing particulars of each final award made by such official or committee during that month, including -

(i) the amount of the award;

(ii) the name of the person to whom the award was made; and

(iii) the reason why the award was made to that person.

(4) A written report referred to in subparagraph (3) must be submitted-

(a) to the accounting officer, in the case of an award by -

(i) the chief financial officer;

(ii) a senior manager; or

(iii) a bid adjudication committee of which the chief financial officer or a senior manager was a member;

(b) to the chief financial officer or the senior manager responsible for the relevant bid, in the case of an award by -

(i) a manager referred to in subparagraph (2)(c)(iii); or

(ii) a bid adjudication committee of which the chief financial officer or a senior manager was not a member.

(5) Subparagraphs (3) and (4) do not apply to procurements out of petty cash.

(6) This paragraph may not be interpreted as permitting an official to whom the power to make final awards has been sub-delegated, to make a final award in a competitive bidding process otherwise than through the committee system provided for in paragraph 27 of this policy.

(7) No supply chain management decision-making powers may be delegated to an advisor or consultant.

6. Oversight role of the council

(1) No councillor may be a member of a bid committee or any other committee evaluating or approving quotations or bids nor attend any meeting of such committees as an observer.

(2) The council must maintain oversight over the implementation of this policy to ensure that the accounting officer implements all supply chain management activities in accordance therewith.

(3) For the purposes of such oversight, the accounting officer must -

(a) within 30 days of the end of each financial year, submit a report on the implementation of this policy to the council through its mayor;

(b) whenever there are serious and material problems in the implementation of this policy, immediately submit a report thereon to the council through its mayor.

(4) The accounting officer must, within 10 days of the end of each quarter, submit a report on the implementation of this policy to the mayor.

(5) The aforesaid reports must be made public in accordance with section 21A of the Municipal Systems Act.

7. Supply chain management unit

(1) A supply chain management unit is hereby established to implement this policy.

(2) Subject to subparagraph (3), the supply chain management unit shall operate under the direct supervision of the chief financial officer to whom this duty is hereby delegated by the accounting officer in terms of section 80 of the Act.

(3) Where, due to operational reasons, the council appoints a senior manager to be responsible for the direct supervision of the supply chain unit referred to in subparagraph (1), the application and implementation of this policy and the municipality's supply chain management system, the accounting officer shall, in terms of section 79 of the Act, delegate appropriate duties, functions and powers to such senior manager to enable him to perform his duties aforesaid and such senior manager shall be included in the definition of "designated official" in section 1 of this policy.

(4) Where the council appoints a senior manager in terms of subparagraph (3) for the purposes stated therein, any reference to the chief financial officer in paragraph 5 (2) of this policy shall be construed as reference to the said designated official acting after consultation with the chief financial officer.

8. Training of supply chain management officials

(1) The Accounting Officer and all other officials involved in the implementation of the SCM Policies and Procedures Manual of ENOCH MGIJIMA LOCAL MUNICIPALITY; must meet the prescribed competency levels as prescribed by National Treasury.

(2) ENOCH MGIJIMA LOCAL MUNICIPALITY must, for the above purposes, provide resources or opportunities for the training of officials referred, to meet the prescribed competency levels.

(3) The National Treasury, or the Provincial Treasury, or any other appropriate accredited body, may be requested to assist ENOCH MGIJIMA LOCAL

MUNICIPALITY in the training of such officials.

(4) The training of officials involved in implementing this SCM Policies and Procedures Manual, should be in accordance with any guidelines on SCM training as issued by Treasury.

It is the responsibility of the Head of SCM Unit to ensure that SCM officials are adequately developed and capacitated.

CHAPTER 2

SUPPLY CHAIN MANAGEMENT SYSTEM

9. Format of supply chain management system

This policy provides systems for -

(i) Demand management;

(ii) Acquisition management;

(iii) Logistics management;

(iv) Disposal management;

(v) Risk management; and

(vi) Performance management.

Part 1: Demand management

10. System of demand management

(1) The accounting officer must establish and implement an appropriate demand management system in order to ensure that the resources required by the municipality supports its operational commitments and its strategic goals as outlined in the municipality's Integrated Development Plan.

(2) The demand management system must -

(a) include timely planning and management processes to ensure that all goods, services and works required by the municipality are quantified, budgeted for and timely and effectively delivered at the right locations and at the critical

delivery dates and are of the appropriate quality and quantity procured at a fair cost;

(b) take into account any benefits of economies of scale that may be derived in the case of procurements of a repetitive nature;

(c) provide for the compilation of the required specifications to ensure that municipal needs are met;

(d) allow for the undertaking of appropriate industry analysis and research to ensure that innovations and technological benefits are maximized.

(e) Demand management must translate the annual plan (SDBIP) and multi-year business plan (IDP) of Enoch Mgijima Local Municipality into current and future needs. The process should consider the following as a minimum:

i) Understanding of the current and future needs;

ii) Ensuring that the need forms part of the IDP of the municipality;

iii) Consideration of the optimum method to satisfy the need e.g. possibility of procuring goods and services using transversal or ad hoc contracts;

v) Consideration of an analysis of previous expenditure in order to determine the manner in which the particular need was fulfilled in the past;

v) Indication of the frequency of the specified requirement;

vi) Assessment of available assets;

vii) Determination of the economic order quantity;

viii) Identification of lead and delivery times and;

ix) Planning for publication;

f) The demand management function is a cross functional exercise which necessitates end users involvement in SCM activities and this shall be performed by a Cross Functional Sourcing Team (CFST) that consists of individuals having the relevant expertise.

The CFST composition shall be as follows:

i) Head of Supply Chain

ii) Financial/budget manager

iii) Demand Management Specialist/ delegated official(s)

v) Relevant end-users from Clusters

g) The Head of SCM Unit is responsible for the appointment of the CFST

(3) The accounting officer must, prior to issuing an invitation to bid-

(a) properly plan for, and, as far as possible, accurately estimate the costs for the provision of goods, services and/or works for which an invitation to bid is to be issued;

(b) determine the appropriate preference point system to be utilized in the evaluation and adjudication of bids to be received in response to the contemplated invitation to bid; and

(c) determine whether the goods, services and/or works for which an invitation to bid is to be issued has been designated for local production and content in terms of section 9 of the Preferential Procurement Regulations and paragraph 29(5) of this policy**.**

(4) The accounting officer must indicate in an invitation to submit a bid and in the applicable bid specification or terms of reference-

(a) that such bid will be evaluated on functionality and, in such event, the following shall be clearly stated:

(i) the evaluation criteria for measuring functionality which criteria must be objective;

(ii) the weight of each criterion which should not be generic but be determined separately for each bid on a case by case basis;

(iii) the applicable values that will be utilized when scoring each criterion which values must be objective;

(iv) the minimum qualifying score for functionality in order to enable the bid concerned to be further evaluated in terms of this policy provided that the aforesaid qualifying score:

(a) should not be generic but be determined separately for each bid on a case by case basis; and

(b) should not be prescribed so low that it may jeopardize the quality of the service or works required nor be so high that it may be restrictive to the extent that it jeopardizes the fairness of the supply chain management system;

(b) the fact that no bid will be regarded as an acceptable bid if the bidder or the goods, services and/or works to be procured, as the case may be, fails to achieve the minimum qualifying score for functionality as indicated in the invitation to bid and the relevant bid specification or terms of reference; and

(c) that bids that have achieved the minimum qualification score for functionality will be evaluated further in terms of the preference point systems referred to in paragraphs 29(3) and 29(4) of this policy.

(5) Any system designed in terms of this paragraph shall take cognizance of the provisions of this policy.

6. **Pre-qualification criteria for preferential procurement**

(1) The municipality may apply pre-qualifying criteria to advance certain designated groups,

(2) If the pre-qualifying criteria is implemented the tender must be advertised with a the tender with a specific tendering condition that only one or more of the following tenderers may respond-

(a) A tenderer having a stipulated minimum B-BBEE status level of contributor;

(b) an EME or QSE;

(c) A tenderer subcontracting a minimum of 30% to-

(i) An EMEor QSE which is at least 51% owned by black people;

(ii) An EME or QSE which is at least 51% owned by black people who are youth;

(iii) An EME or QSE which is at least 51% owned by black people who are women;

(iv) An EME or QSE which is at least 51% owned by black people with disabilities;

(v) An EME or QSE which is 51% owned by black people living in rural or underdeveloped areas or townships;

(vi) A cooperative which is at least 51% owned by black people;

(vii) an EME or QSE which is at least 51% owned by black people who are military veterans;

(viii) an EME or QSE.

(3) A tender that fails to meet any pre-qualifying criteria stipulated in the tender documents is an unacceptable tender.

(3) The specification will be recommended by the Bid Specification Committee for approval of the accounting officer

7. EVALUATION CRITERIA

a. All specification must stipulate an evaluation criteria that will be used when evaluating the bid
b. The evaluation for price and BBBEE status level must be stipulated in the

bidding documents/specification

Part 2: Acquisition management

11. System of acquisition management

(1) The accounting officer of Enoch Mgijima Local Municipality must implement an efficient system of acquisition management in order to ensure -

(a) that goods, services and works are procured by the municipality in accordance with authorized processes only;

(b) that expenditure on goods, services and works is incurred in terms of an approved budget in terms of section 15 of the Act;

(c) that the threshold values for the different procurement processes are complied with;

(d) that bid documentation, evaluation and adjudication criteria and the general conditions of a contract, are in accordance with any applicable legislation; and

(e) that any Treasury guidelines on acquisition management are properly taken into account.

(f) Enoch Mgijima Local Municipality avoids/minimize incurring unauthorized, irregular, fruitless and wasteful expenditure.

(2) This supply chain management policy, except where provide otherwise in the policy, does not apply in respect of the procurement of goods and services contemplated in section 110(2) of the Act, including –

(a) Water from the Department of Water Affairs or a public entity, another municipality or a municipal entity; and

(b) Electricity from Eskom or another public entity, another municipality or a municipal entity.

(3) When procuring goods or services from an organ of state as contemplated in section 110 (2) of the Act, the accounting officer must make public the fact that such goods or services are procured otherwise than through the municipality's supply chain management system, including -

(a) the kind of goods or services; and

(b) the name of the supplier.

(4) Range of procurement processes

GOODS / SERVICES VALUE	PROCUREMENT METHOD	APPROVAL AUTHORITY
R0 – R2000	**Petty Cash / One Quotation**	**Middle Manager/ Director**
R2001 – R15 000	**Three Quotations**	**Middle Manager/ Director**
R15 001 – R30 000	**Three Quotations**	**Director**
R30 001 – R200 000	**7 Day Notice Quotations**	**Director/Chief Financial Officer/Municipal Manager**
R200 001 – R10 000000	**Competitive Bidding**	**Adjudication Committee of which the chief financial officer or senior manage is a member**
R10 000 000 and above	**Competitive Bidding**	**Municipal Manager Subject to the Recommendations of the Bid Adjudication Committee**

(5) If quotations are over R30 000.00 in this range the following MBD documents need to be filled in by the companies that are quoting.

MBD 2 - Tax Clearance

MBD 4 - Declaration of Interest

(12) (1) Goods and services may only be procured by way of -

(a) Petty cash purchases, up to a transaction value of R2 000 (VAT included) – Middle Manager or Director. Suppliers must be selected from the Central Supplier database to assist in performing validation functions of key supplier information.

(b) 1 quotation for procurement up to a transaction value of R 2000(VAT included)- Middle Manager or Director. Suppliers must be selected from the Central Supplier database to assist in performing validation functions of key supplier information.

(c) 3 written or verbal quotations for procurements of a transaction value over R2 001 up to R15 000 (VAT included) – Middle Manager or Director. Suppliers must be selected from the Central Supplier database to assist in performing validation functions of key supplier information.

(d) 3 formal written price quotations for procurements of a transaction value Over R15 001 up to R30 000 (VAT included) – Director. Suppliers must be selected from the Central Supplier database to assist in performing validation functions of key supplier information.

(e) Seven day notice formal written price quotations for procurement of a transaction value over R30 001 up to R200 000 (VAT included) – Director or Municipal Manager or Chief Financial Officer as per Accounting Officer sub-delegation authority.

(f) A competitive bidding process for–

(i) Procurements above a transaction value of R200 000 (VAT

Included); and

(ii) The procurement of long term contracts – Municipal Manager subject to the recommendation of the bid adjudication committee.

(2) The following exceptions may be permitted but must only be approved by the Accounting Officer in writing:

(a) lower but not increase, the different threshold values specified in subparagraph (1) above; or

(b) direct that written or verbal quotations be obtained for any specific procurement of a transaction value lower than R2000;

(c) direct that formal written price quotations be obtained for any specific procurement of a transaction value lower than R10 000; or

(d) *direct that a competitive bidding process be followed for any specific procurement of a transaction value lower than R200 000.*

(3) Procurement invitations may not deliberately be split into parts or items of a lesser value than the threshold amounts referred to in subparagraph (1) merely to avoid compliance with the requirements of this policy or any applicable legislation. When determining transaction values, a requirement for goods, services or works consisting

of different parts or items must, as far as possible, be treated and dealt with as a single transaction.

(4) All intended expenditure transactions shall be motivated for approval by the Municipal Manager in the municipal reporting format subject to compliance with the other requirements of the supply chain management policy.

12.2 Special categories of bidders and suppliers

In order to promote B-BBEE and comply with applicable legislation including the Codes of Good Practice, this policy recognizes the following special categories of bidders and suppliers:

12.1 Exempted Micro-Enterprise

(a) An exempted Micro-Enterprise (EME) is an entity with an annual turnover of R5 million or less provided that this amount may be reduced in accordance with sector charter thresholds for specific sectors or industries.

(b) The current thresholds for the Tourism and Construction Sector charters are R2.5 million and R1.5 million respectively.

(c) Exempted Micro-Enterprises are deemed to possess a B-BBEE Status of "Level Four Contributor", having a B-BBEE procurement recognition of 100%.

(d) An Exempted Micro-Enterprise qualifies for a promotion to a B-BBEE Status of "Level Three Contributor" having a B-BBEE procurement recognition of 110% if it is more than 50% owned by black people or by black women.

(e) Exempted Micro-Enterprises are allowed to be measured in terms of the QSE scorecard contained in the applicable code of good practice in the event of them wishing to maximize their points and move to the next procurement recognition level.

(f) Sufficient evidence of qualification as an Exempted Micro-Enterprise is an auditor's certificate or similar certificate issued by an accounting officer of a closed corporation or a verification agency accredited by SANAS.

12.2 Qualifying Small Enterprise

(a) Any enterprise with an annual Total Revenue of between R5 million and R35 million qualifies as a Qualifying Small Enterprise.

(b) Enterprises claiming qualifying small enterprise status must include in any bid submitted to the municipality, an original and valid B-BBEE status level certificate or a certified copy thereof, substantiating their B-BBEE rating. This certificate must be issued by a verification agency accredited by SANAS or a Registered Auditor approved by the Independent Regulatory Board of Auditors.

12.3 Start-up enterprises

(a) Start-up enterprises must be measured as Exempted Micro-Enterprises for the first year following their formation or incorporation. This provision applies regardless of the expected total revenue of the start-up enterprise.

(b) Start-up Enterprises are deemed to have a “B-BBEE Status of Level Four Contributor".

(c) In order to qualify as a Start-up Enterprise, the enterprise must provide an independent confirmation of its status.

(d) Despite subparagraphs (a) and (b), Start-up Enterprises must submit a QSE Scorecard when tendering for any contract or seeking any other business with a value higher than R5 million but less than R35 million. For contracts above R35 million, they should submit the generic scorecard. The preparation of such scorecards must use annualized data.

(e) The accounting officer shall reserve the right to require a Start-up Enterprise referred to in subparagraph (d) to submit a verification certificate issued by either a verification agency approved by SANAS or a Registered Auditor approved by the Independent Regulatory Board of Auditors.

13. General preconditions for consideration of written quotations or bids

The SCM Unit shall be solely responsible for sourcing quotations from prospective providers who are registered on the database of accredited prospective providers, in the relevant category and region.

(1) A written quotation or bid may not be considered unless the bidder who submitted the quotation or bid concerned -

(a) has furnished his -

(i) full name or names including trading name;

(ii) identification number or company or other registration number;

(iii) tax reference number and VAT registration number, if any;

(b) has provided the municipality with an original valid tax clearance certificate from the South African Revenue Services stating that his tax matters are in order;

(c) has, where applicable, provided the municipality with a clearance certificate from the Construction Industry Development Board to the effect that he holds a valid registration certificate issued by the Board;

(d) has provided the municipality with a "Certificate of Independent Bid Determination" on Form MBD 9 or a similar form;

(e) has provided a certificate issued by the municipality or any other municipality to which he may be indebted to the effect that he and, in the event of the bidder being a company, also any of its directors, is not indebted to the municipality or to any other municipality or municipal entity for rates, taxes and/or municipal service charges which are in arrear for a period of more than three months and that no dispute exists between such bidder and municipality or municipal entity concerned in respect of any such arrear amounts;

(f) has submitted an affidavit certifying -

(i) that he is not in the service of the state or has been in the service of the state in the previous twelve months;

(ii) that, in the event of the bidder not being a natural person, none of its directors, managers, principal shareholders or stakeholders are in the service of the state nor have they been in the service of the state in the previous twelve months;

(iii) that neither his spouse, child or parent nor a director, manager, shareholder or stakeholder referred to in subparagraph (ii) is in the service of the state or has been in the service of the state in the previous twelve months;

(iv) that he is not an advisor or consultant contracted by the municipality to advise it on the procurement under consideration;

(2) This paragraph must be read in conjunction with paragraph 22 of this policy.

14. Lists of accredited prospective providers

(1) The accounting officer must -

(a) keep a list of accredited prospective providers of goods and services that must be used for procurements through written or verbal quotations and formal written price quotations; and

(b) at least once a year through newspapers commonly circulating locally, the municipal website and any other appropriate ways, invite prospective providers of goods or services to apply for evaluation and listing as accredited prospective providers;

(c) specify the listing criteria for accredited prospective providers; and

(d) disallow the listing of any prospective provider whose name appears on the National Treasury's database as a person prohibited from doing business with the public sector.

(2) The aforesaid list must be updated at least quarterly to include any additional prospective providers and any new commodities or types of services. Prospective providers must be allowed to submit applications for listing at any time.

(3) The aforesaid list must also be compiled per commodity and per type of service.

15. Petty cash purchases

(a) Petty cash purchases may only be made in accordance with the Petty Cash policy of the municipality. The conditions for the procurement of goods by means of petty cash purchases should be according to paragraph 12(1) (a) of this policy.

(b) The accounting officer may delegate responsibility for the management of petty cash to an official directly or indirectly reporting to the chief financial officer.

(c) No item that is an approved stores item may be purchased by means of a petty cash transaction.

(d) Petty cash should not be used to purchase the following items: fuel, payroll related expenses and other expenses which can and should have been planned in advance for bulk purchases.

(e) No fixed asset regardless of value may be purchased through petty cash.

(f) The council must, from time to time, determine the maximum amount of the permissible petty cash expenditure per month;

(g) A monthly reconciliation report must be provided to the chief financial officer within five days of the end of each month by the official authorized to make petty cash purchases and such report shall contain particulars of each final award made by such official during that month, including:

(i) the total amount of petty cash purchases for that month; and

(ii) receipts and supporting documents for each purchase.

16. Written or verbal price quotations

The conditions for the procurement of goods or services through written or verbal quotations are as follows:

(a) *Quotations must be obtained from at least three different providers preferably from, but not limited to, providers whose names appear on the list of accredited prospective providers of the municipality, provided that if quotations are obtained from providers who are not so listed, such providers must meet the listing criteria determined by the accounting officer in terms of paragraph 15(1)(c) of this policy;*

(b) *To the extent feasible, providers must be requested to submit such quotations in writing;*

(c) *If it is not possible to obtain at least three quotations, the reasons for such inability must be recorded on the invitation to submit quotations and reported quarterly to the chief financial officer;*

(d) *The designated officer must record the names of the potential providers requested to provide quotations with their quoted prices; and*

(e) *If a quotation was submitted verbally, the order may be placed only against written confirmation of the price and conditions of supply from the selected*

provider within the period stipulated in the invitation to submit quotations.

(f) An amendment of a quoted price during the original validity period is not allowed.

17. Formal written price quotations

The conditions for the procurement of goods or services through formal written price quotations, are as follows:

(a) *Quotations must be obtained in writing from at least three different providers whose names appear on the list of accredited prospective providers of the municipality;*

(b) *In the event of it not being possible to obtain quotations from at least three different providers whose names appear on the list of accredited prospective providers of the municipality, quotations may be obtained from providers who are not so listed, provided that such providers meet the listing criteria determined by the accounting officer in terms of paragraph 15(1)(c) of this policy and, provided further, that the reasons for obtaining such*

quotations from the providers concerned must be recorded on the invitation to submit quotations and be approved by the chief financial officer.

18. Procedures for procuring goods or services through written or verbal quotations and formal written price quotations

The procedure for the procurement of goods or services through written or verbal quotations or formal written price quotations is as follows:

(a) *When using the list of accredited prospective providers, the accounting officer must promote ongoing competition amongst providers by inviting providers to submit quotations on a rotation basis;*

(b) *All requirements in excess of R30 000 (VAT included) that are to be procured by means of formal written price quotations must, in addition to the requirements of paragraph 17, be advertised for at least seven days on the website of and on the official notice board of the municipality;*

(c) *Offers received must be evaluated on a comparative basis taking into account unconditional discounts;*

(d) Offers below R30 000 (all taxes included) must be awarded based on compliance with specifications, conditions of contract, ability, capacity and capability to deliver the required goods and/or services and lowest price; provided that the accounting officer may direct, in appropriate cases, that the applicable provisions of the Preferential Procurement Regulations be applied in respect of the calculation of preference points for price;

(e) Offers above R30 000 (all applicable taxes included) must be awarded based on compliance with specifications, conditions of contract, ability, capacity and capability to deliver the required goods and/or services and lowest price provided that the accounting officer may direct, in appropriate cases, that the applicable provisions of the Preferential Procurement Regulations be applied in respect of the calculation of preference points for price;

(f) Prior to the award of a contract with a price in excess of R10 000, the designated official must verify the status of recommended bidders (including their directors(s), owners(s) or trustee(s) by checking the Data Base of Restricted Suppliers maintained by National Treasury in order to ensure that no recommended bidder or any of its directors/owners/trustees are listed as companies or persons prohibited from doing business with the public sector;

(g) A call for quotations in terms of the preceding paragraphs must be in writing and contain a specification for the goods and/or services to be procured as well as details of the preference points system to be used in adjudicating quotations;

(h) *The designated official must, in writing, notify the chief financial officer within 3 days after the end of each month of all written, verbal and formal written price quotations accepted or approvals given in terms of this paragraph;*

(i) *The chief financial officer must ensure that adequate systems are in place to meet the requirements for proper record keeping;*

(j) The procurement contract must be awarded to the bidder who scored the highest points in accordance with the stipulated preference points system.

19. Competitive bidding process

(1) Subject to paragraph 11 (2) of this policy, goods, services or works above a transaction value of R200 000 (VAT included) and long term contracts may only be procured through a competitive bidding process.

(2) Subject to subparagraph (3), no requirement for goods or services above an estimated transaction value of R200 000 (VAT included) may deliberately be split into parts or items of lesser value merely for the sake of procuring the goods or services otherwise than through a competitive bidding process.

(3) The accounting officer may split unduly large quantities of work into smaller contracts (units) to promote manageability and provide opportunities for emerging entrepreneurs. This procedure may only be followed when technically, logistically and financially feasible.

(4) A senior manager responsible for a vote must submit the under-mentioned information to the chief financial officer prior to the publication of any public invitation of bids in respect of procurements estimated to exceed R10m (all taxes included):

(i) proof that budgetary provision exists for the procurement concerned;

(ii) details of any ancillary budgetary implications related to the bid concerned;

(iii) details of any multi-year budgetary implications associated with a project which will be undertaken over a period of more than one year as well as details of the anticipated expenditure per financial year.

(5) A procurement referred to in subparagraph (4) may only be advertised for competitive bids after the chief financial officer has verified in writing that budgetary provisions exists to enable the relevant project to commence.

(6) Procurement requirements referred to in subparagraph (4) may not be deliberately split into parts or items of lesser value merely to avoid the information being submitted.

20. Process for competitive bidding

The procedures for the following stages of a competitive bidding process are as follows:

(a) Compilation of bidding documentation as detailed in paragraph 22;

(b) Public invitation of bids as detailed in paragraph 23;

(c) Site meetings or briefing sessions as detailed in paragraph 23;

(d) Handling of bids submitted in response to public invitation as detailed in paragraph 24;

(e) Evaluation of bids as detailed in paragraph 32;

(f) Award of contracts as detailed in paragraph 33;

(g) Administration of contracts - after the award of a bid, the accounting officer and the bidder must enter into a written agreement.

(h) Proper record keeping;

(i) Original/legal copies of written contracts agreements should be kept in a secure place for reference and audit purposes.

21. Bid documentation for competitive bids

Bid documentation for a competitive bidding process must, in addition to compliance with the requirements listed in paragraph 13, comply with the following requirements:

(a) Take into account -

(i) the general conditions of contract and any special conditions of contract, if specified;

(ii) any Treasury guidelines on bid documentation;

(iii) the requirements of the Construction Industry Development Board, in the case of a bid relating to construction works;

(iv) relevant B-BBEE verification and certification requirements;

(v) relevant local content or production requirements.

(b) Include the preference points system to be used in adjudicating bids, namely 80/20 or 90/10 as prescribed in the Preferential Procurement Regulations;

(c) Compel bidders to declare, by means of an affidavit, any conflict of interest they may have in the transaction for which the bid is submitted;

(d) If the value of the transaction is expected to exceed R10 million (VAT included), require bidders to furnish -

(i) if the bidder is required by law to prepare annual financial statements for auditing, his audited annual financial statements -

(a) for the past three years; or

(b) since establishment, if established during the past three years;

(ii) a certificate signed by the bidder certifying that he has no undisputed commitments for municipal services towards a municipality or other service provider in respect of which payment is overdue for more than 30 days;

(iii) particulars of any contracts awarded to the bidder by an organ of state during the past five years, including particulars of any material non-compliance or dispute concerning the execution of such contracts;

(iv) a statement indicating whether or not any portion of the goods or services required by the municipality are expected to be sourced from outside the Republic, and, if so, what portion and also whether or not any portion of the payment to be made by the municipality is expected to be transferred out of the Republic; and

(e) Stipulate that disputes must be settled by means of mutual consultation, mediation (with or without legal representation), or, when unsuccessful, in a South African court of law.

22. Public invitation for competitive bids

(1) The procedure for the invitation of competitive bids is as follows:

(a) any invitation to prospective providers to submit bids must be by means of a public advertisement in newspapers commonly circulating locally, the website of the municipality and in any other appropriate manner (which may include an advertisement in the Government Tender Bulletin); and

(b) the information contained in such public advertisement, must include -

(i) subject to subparagraph 2, the closure date for the submission of bids, which may not be less than 30 days in the case of transactions over R10 million (VAT included) or which are of a long term nature or 14 days in any other case, reckoned from the date on which the advertisement is first placed in the aforesaid newspapers;

(ii) a statement that bids may only be submitted on the bid documentation provided by the municipality; and

(iii) the date, time and venue of any compulsory site meeting or briefing session;

(iv) a statement to the effect that a bid from a prospective bidder who did not attend a prescribed compulsory site meeting or briefing session referred to in subparagraph (iii) will not be considered.

(2) The accounting officer may determine a closure date for the submission of bids which is less than the 30 or 14 days requirement, but only if such shorter period can be justified on the grounds of urgency or emergency or in any exceptional case where it is impractical or impossible to follow the official procurement process and such fact shall, for auditing purposes, be recorded in the authority to invite bids.

(3) Bids submitted must be sealed and marked in a manner stipulated in the invitation to bid.

(4) Where bids are requested in electronic format, such bids must be supplemented by sealed hard copies which must reach the accounting officer before the closing time for the receipt of bids on the bid closing date as stipulated in the invitation to bid.

(5) Where the municipality invites expressions of interest or bids for construction works with a value in excess of R30 000, it must publish such invitations on the website of the CIDB.

(6) The municipality must also comply with the applicable provisions of the Standard for Uniformity in Construction Procurement contained in Board Notice No. 86 of 2010 issued by the Construction Industry Development Board insofar as such provisions relate to the invitation of bids.

23. Procedure for handling, opening and recording of bids

The procedures for the handling, opening and recording of bids, are as follows:

(a) Bids -

(i) must be opened only in public;

(ii) must be opened at the same time and as soon as possible after the published closing time or period for the submission of bids; and

(iii) received after the published closing time or period should not be considered and be immediately returned to the bidder, unopened;

(b) Any bidder or member of the public has the right to request that the names of the bidders who submitted bids before the closing time or period be read out and, if practical, also each bidder's total bidding price;

(c) No information, except the information referred to in subparagraph (b), relating to a bid should be disclosed to bidders or other persons until the successful bidder is notified of the award of the relevant bid; and

(d) The designated official opening received bids must -

(k) record in a register to be provided for this purposes, all bids received before the closing time or period for the submission of same and such register shall contain as least the following information in addition to such information as may be prescribed in terms of section 75 of the Act:

(a) the reference number of the bid concerned;

(b) the description of the relevant goods, services or works project to be procured;

(c) the names of all bidders;

(d) the B-BBEE status level of contribution of all bidders, where applicable;

(e) the local content percentages of the goods offered, where applicable; and

(f) where practical, the total price submitted by all bidders that submitted bids in relation to the relevant bid invitation;

(ii) make the aforesaid register available for public inspection during the normal office hours of the municipality; and

(iii) publish the entries in the aforesaid register on the website of the municipality within ten (10) working days from the date referred to in subparagraph (i) and ensure that such entries remain on the website for a period of at least thirty (30) days from date of publication.

24. Negotiations with preferred bidders

(1) The accounting officer may negotiate the final terms of a contract with bidders identified through a competitive bidding process as preferred bidders, provided that such negotiation -

(a) does not allow any preferred bidder a second or unfair opportunity;

(b) is not to the detriment of any other bidder; and

(c) does not lead to a higher price than the bid as submitted; and

(d) will not be contrary to any legal requirement or amount to a prohibited practice.

(2) Minutes of such negotiations must be kept for record and audit purposes.

25. Two-stage bidding process

(1) A two-stage bidding process is permissible for -

(a) large complex projects;

(b) projects where it may be undesirable to prepare complete detailed technical specifications; or

(c) long term projects with a duration period exceeding three years.

(2) In the first stage, technical proposals on conceptual design or performance specifications should be invited, subject to technical as well as commercial clarifications and adjustments.

(3) In the second stage, final technical proposals and priced bids should be invited.

26. Committee system for competitive bids

(1) The accounting officer shall establish a procurement committee system for competitive bids consisting of at least the following committees:

(a) a bid specification committee;

(b) a bid evaluation committee; and

(c) a bid adjudication committee;

(2) The accounting officer shall, in writing, appoint the members of each committee in respect of each competitive bid invitation, taking into account the provisions of section 117 of the Act in terms of which no councillor may be a member of any such committee nor attend any of its meetings as an observer.

(3) A neutral or independent observer, appointed by the accounting officer, may attend or oversee a committee when this is appropriate for ensuring fairness and promoting transparency.

(4) The committee system must be consistent with -

(a) paragraphs 28, 32 and 33 of this policy; and

(b) any other applicable legislation.

(5) The accounting officer may, in appropriate cases and in his sole discretion, apply the committee system to formal written price quotations.

27. Bid specification committees

(1) A bid specification committee must compile the specifications or, where applicable, the terms of reference for the procurement of goods, services or works by the municipality.

(2) A bid specification committee must be composed of one or more officials of the municipality preferably the line manager responsible for the function concerned and may, when appropriate, include external specialist advisors.

(3) No person, advisor or corporate entity involved with the bid specification committee or director of such a corporate entity may bid for any resulting contracts.

(4) Where a bid specification or terms of reference are compiled with due regard to the findings and recommendations contained in a prior, associated feasibility study, the person, advisor or corporate entity who or which prepared the said feasibility study may be prohibited from bidding for the resulting contracts in circumstances where such person, advisor or corporate entity may or is likely to obtain an unfair advantage or where a conflict of interest may arise.

(5) A specification or terms of reference referred to in this paragraph must be approved by the accounting officer in writing prior to publication of the invitation for bids in terms of paragraph 23.

27.1 Bid Specifications or Terms of Reference

27.1 General Requirements

Bid Specifications or terms of reference, as the case may be -

(a) must be drafted in an unbiased manner to allow all potential suppliers to offer their goods or services to the municipality;

(b) must take account of any accepted standards such as those issued by Standards South Africa, the International Standards Organization or an authority accredited or recognized by the South African National Accreditation System with which the equipment or material or workmanship should comply;

(c) must, where possible, be described in terms of performance required rather than in terms of descriptive characteristics for design;

(d) may not create trade barriers in contract requirements in the forms of specifications, plans, drawings, designs, testing and test methods, packaging, marking or labelling of conformity certification;

(e) may not make reference to any particular trade mark, name, patent, design, type, specific origin or producer unless there is no other sufficiently precise or intelligible way of describing the characteristics of the work, in which case such reference must be accompanied by the word “equivalent”;

27.2 Functionality

Where functionality is utilized as an evaluation criterion, bid specifications or terms of reference, as the case may be, must clearly specify:

(i) the evaluation criteria for measuring functionality which criteria must be objective, the weight of each criterion, the applicable values and the minimum qualifying score for functionality; and

(ii) the fact that no bid will be regarded as an acceptable bid if it or the relevant bidder fails to achieve the minimum qualifying score for functionality as indicated in the bid specification or terms of reference concerned; and

(iii) that bids or bidders that have achieved the minimum qualification score for functionality will be evaluated further in terms of the preference point systems referred to in subparagraphs 29.3 and 29.4 below.

27.3 80/20 Preference Points System

(3.1) Where applicable, bid documentation must include the following preference points evaluation system for the procurement of goods, services or works up to a Rand value of R1 000 000 (all applicable taxes included):

(i) the following formula will be used to calculate the points for price in respect of bids (including price quotations) with a Rand value equal to, or above R 30 000 and up to a Rand value of R 50 million (all applicable taxes included):

$$Ps = 80 \left(1 - \frac{Pt - Pmin}{Pmin} \right)$$

Where:

Ps = Points scored for comparative price of bid or offer under consideration;

Pt = Comparative price of bid or offer under consideration; and

Pmin = Comparative price of lowest acceptable bid or offer.

(ii) subject to subparagraph (iii), points must be awarded to a bidder for attaining the B-BBEE status level of contributor in accordance with the following tables:

B-BBEE Status Level of	Number of Points
1	20
2	18
3	14
4	12
5	8

6	6
7	4
8	2
Non-compliant contributor	0

Or

In respect of Exempted Micro Enterprises (EME's)

Black Ownership of EME	Deemed B-BBEE Status Level of Contributor	Number of Preference Points
More than 50%	3	16
Less than 50%	4	12

(iii) a maximum of 20 points may be allocated under subparagraph (ii);

(iv) the points scored by a bidder in respect of B-BBEE contribution contemplated in subparagraph (ii) must be added to the points scored for price as calculated in accordance with subparagraph (i);

(3.2) The B-BBEE status level attained by a bidder must be used to determine the number of

(3.3) Bid documentation must also must provide that, in the event of all bids received exceeding the estimated Rand value of R50 million, the bid invitation will be cancelled, provided that if one or more of the acceptable bids received are within the aforesaid threshold of R 50 million, all bids received will be evaluated in accordance with this preference point system.

(3.4) A tenderer must submit proof of its B-BBEE status level of contributor.

(1.) A tenderer failing to submit proof of B-BBEE status level of contributor or is a non-compliant contributor to B-BBEE may not be disqualified, but-

(a) May only score points out of 80 for price; and

(b) Scores 0 points out of 20 for B-BBEE.

(5) A tenderer may not be awarded points for B-BBEE status level of contributor

if the tender documents indicate that the tenderer intends subcontracting more than 25% of the value of the contract to any other person not qualifying for at least the points that the tenderer qualifies for, unless the intended subcontractor is an EME that has the capability to execute the subcontract.

(6) The points scored by a tenderer for B-BBEE in terms of subregulation (2)

must be added to the points scored for price under subregulation (1).

(7) The points scored must be rounded off to the nearest two decimal places.

(8) Subject to subregulation (9) and regulation 11, the contract must be awarded

to the tenderer scoring the highest points.

(9)(a) If the price offered by a tenderer scoring the highest points is not market related, the municipality may not award the contract to that tenderer.

(b) The municipality may-

(i) negotiate a market-related price with the tenderer scoring the highest points or

cancel the tender;

(ii) if the tenderer does not agree to a market-related price, negotiate a market-related

price with the tenderer scoring the second highest points or cancel the tender;

(iii) if the tenderer scoring the second highest points does not agree to a market-related

price, negotiate a market-related price with the tenderer scoring the third highest

points or cancel the tender.

(c) If a market-related price is not agreed as envisaged in paragraph (b)(iii), the

Municipality must cancel the tender.

27.4 90/10 Preference Points System

(4.1) Where applicable, bid documentation must include the following preference points evaluation system for the procurement of goods, services or works with a Rand value above R50 million (all applicable taxes included):

(i) the following formula will be used to calculate the points for price in respect of bids with a Rand value above R50 million (all applicable taxes included):

$$Ps = 90\left(1 - \frac{Pt - Pmin}{Pmin}\right)$$

Where:

Ps = Points scored for comparative price of bid or offer under consideration;

Pt = Comparative price of bid or offer under consideration; and

Pmin = Comparative price of lowest acceptable bid or offer.

(ii) subject to subparagraph (iii), points must be awarded to a bidder for attaining the B-BBEE status level of contributor in accordance with the following tables:

B-BBEE Status Level of	Number of Points
1	10
2	9
3	6
4	5
5	4
6	3

7	2
8	1
Non-compliant contributor	0

Or

In respect of Exempted Micro Enterprises (EME's)

Black Ownership of EME	Deemed B-BBEE Status Level of Contributor	Number of Preference Points
More than 50%	3	8
Less than 50%	4	5

(iii) a maximum of 10 points may be allocated under subparagraph (ii) above.

(iv) the points scored by a bidder in respect of the level of B-BBEE contribution contemplated in subparagraph (ii) must be added to the points scored for price as calculated in accordance with subparagraph (i);

(4.2) The B-BBEE status level attained by a bidder must be used to determine the number of points contemplated in subparagraph 4.1 (ii) above.

(4.3) Bid documentation must also provide that, in the event of all bids received being equal to, or below R50 million, the invitation to bid will be withdrawn and all bids received shall be regarded as having been cancelled provided that, if one or more of the acceptable bids received are above the prescribed threshold of R 50 million , all bids received will be evaluated in accordance with this preference point system.

27.5 Local Production

(5.1) Where, in the case of bids in designated sectors, local production and content is of critical importance, the relevant bid documentation must clearly state, as a bid condition, that only locally produced goods, services or works or locally manufactured goods, with a stipulated minimum threshold for local production and content, will be considered.

(5.2) The relevant bid documentation must also stipulate:

(a) that the exchange rate to be used for the calculation of local content or local production will be the exchange rate published by the South African Reserve Bank at 12:00 on the date, one week (7 calendar days) prior to the closing date of the invited bid;

(b) that only the South African Bureau of Standards (SABS) approved technical specification number SATS 1286:201x will be used to calculate local content in accordance with the following formula:

$$LC = 1 - \frac{X}{Y} \times 100$$

Where

x imported content

y bid price excluding value added tax (VAT)

and that the prices referred to in the determination of x must be converted to Rand (ZAR) by using the exchange rate published by the South African Reserve Bank at 12:00 on the date, one week (7 calendar days) prior to the closing date of the bid;

(c) that Form MBD 6.2 (Declaration Certificate for Local Content) issued by National Treasury, duly completed and signed, must form part of the bid documentation;

(d) that the municipality reserves the right to verify the accuracy of the rates of exchange quoted by the bidder in paragraph 4.1 of the aforesaid Certificate.

(5.3) The accounting officer may decide to include in any bid documentation a specific bidding condition that only locally produced goods, services or works or locally manufactured goods with a stipulated minimum threshold for local production and content will be considered on condition that such prescript and threshold(s) are in accordance with the specific directives issued for this purpose by National Treasury in consultation with the Department of Trade and Industry and, in such event, the requirements stipulated in subparagraph 5.2 shall be inserted in the relevant bid documentation.

(5.4) Where necessary, bid documentation for bids referred to in subparagraph 5.1 may state that a two- stage bidding process will be followed, where the first stage will involve functionality and minimum threshold for local production and content and the second stage price and B-BBEE status with the possibility of price negotiations only with the short listed bidders with a view to effecting cost savings in circumstances where the tendered prices are obviously inflated or to ensure the award of the bid concerned within budgetary constraints provided that, where such negotiations take place, the principles contained in paragraph 25.1 of this policy shall be applied.

(5.5) Any bid specification issued in terms of this subparagraph must be capable of being measured and audited.

27.6 B-BBEE status level certificates and scorecards

Bid documentation must provide that:

(i) Those bidders who qualify as Exempted Micro Enterprises (EME's) in terms of the Broad-Based Black Economic Empowerment Act, must submit, together with their bid, a certificate to this effect issued by a registered auditor, accounting officer (as contemplated in section 60(4) of the Close Corporations Act, 1984 (Act No. 69 of 1984)) or an accredited verification agency provided that a certificate issued by an Accounting Officer of a closed corporation must be on his letterhead which should also contain his practice number and contact number clearly specified on the face of such certificate.

(ii) Bidders other than Exempted Micro-Enterprises (EME's) must submit, with their bid, their original and valid B-BBEE Status Level Verification Certificate complying at least with the provisions of subparagraphs (v) and (vi) below, or a certified copy thereof, in support of their B-BBEE rating.

(iii) A trust, consortium or joint venture will qualify for points for its B-BBEE status level as a legal entity, provided its submits its B-BBEE Status Level Verification Certificate with its bid.

(iv) A trust, consortium or joint venture will qualify for points for its B-BBEE status level as an unincorporated entity, provided that it submits its consolidated B-BBEE scorecard as if were a group structure and, provided further, that such a consolidated B-BBEE scorecard is prepared for every separate bid.

(v) As a minimum requirement, all valid B-BBEE Status Level Verification Certificates should have the following information detailed on the face of the certificate:

- The name and physical location of the measured entity;
- The registration number and, where applicable, the VAT number of the measured entity;

- The date of issue and date of expiry;
- The certificate number for identification and reference purposes;
- The scorecard that was used (for example EME, QSE or Generic);
- The name and / or logo of the Verification Agency;
- The SANAS logo;
- The signature of the authorized person from the Verification Agency concerned; and

- The B-BBEE Status Level of Contribution obtained by the measured entity.

(vi) The format and content of B-BBEE Status Level Verification Certificates issued by registered auditors approved by the Independent Regulatory Board of Auditors (IRBA) must -

- Clearly identify the B-BBEE approved registered auditor by the auditor's individual registration number with IRBA and the auditor's logo;

- Clearly record an approved B-BBEE Verification Certificate identification reference in the format required by SANAS;

- Reflect relevant information regarding the identity and location of the measured entity;

- Identify the Codes of Good Practice or relevant Sector Codes applied in the determination of the scores;

- Record the weighting points (scores) attained by the measured entity for each scorecard element, where applicable, and the measured entity's overall B-BBEE Status Level of Contribution;

- Reflect that the B-BBEE Verification Certificate and accompanying assurance report issued to the measured entity is valid for 12 months from the date of issuance;

- Reflect both the issuance and expiry date of the Verification Certificate.

27.7 Additional Conditions

Bid documentation must include a reference to the following additional conditions, where applicable:

27.7.1 Sub-contracting

(a) A bidder will not be awarded points for B-BBEE status level if it is indicated in the bid documents that such a bidder intends sub-contracting more than 25% of the value of the contract to any other enterprise that does not qualify for at least the points that such a bidder qualifies for, unless the intended sub--contractor is an exempted micro enterprise that has the capability and ability to execute the sub-contract as follows:

a. An EME or QSE;
b. An EME or QSE which is at least 51% owned by black people;
c. An EME or QSE which is at least 51% owned by black people who are youth;
d. An EME or QSE which is at least 51% owned by black people who are women;
e. An EME or QSE which is at least 51% owned by black people with disabilities;
f. An EME or QSE which is 51% owned by black people living in rural or underdeveloped areas or townships;
g. A cooperative which is at least 51% owned by black people;
h. An EME or QSE which is at least 51% owned by black people who are military veterans; or
i. More than one of the categories referred to in paragraphs (a) to (h).

(3) The municipality must make available the list of all suppliers registered on a database approved by the National Treasury to provide the required goods or services in respect of the applicable designated groups mentioned in sub regulation (2) from which the tenderer must select a supplier.

(b) A bidder awarded a contract may not sub-contract more than 30% of the value of the contract to any other enterprise that does not have an equal or higher B-BBEE status level than the bidder concerned, unless the contract is sub-contracted to an exempted micro enterprise that has the capability and ability to execute the sub-contract.

(c) A bidder awarded a contract in relation to a designated sector, may not sub-contract in such a manner that the local production and content of the overall value of the contract is reduced to below the stipulated minimum threshold.

(d) Criteria for breaking deadlock in scoring

(1) If two or more tenderers score an equal total number of points, the contract must be awarded to the tenderer that scored the highest points for B-BBEE.

(2) If functionality is part of the evaluation process and two or more tenderers score equal total points and equal preference points for B-BBEE, the contract must be awarded to the tenderer that scored the highest points for functionality.

(3) If two or more tenderers score equal total points in all respects, the award must be decided by the drawing of lots.

Award of contracts to tenderers not scoring highest points

11.(1) A contract may be awarded to a tenderer that did not score the highest

points only in accordance with section 2(1)(f) of the Act.

(2) If an organ of state intends to apply objective criteria in terms of section 2(1)(f) of the Act, the organ of state must stipulate the objective criteria in the tender documents. Subcontracting after award of tender

12.(1) A person awarded a contract may only enter into a subcontracting arrangement with the approval of the organ of state.

(2) A person awarded a contract in relation to a designated sector, may not subcontract in such a manner that the local production and content of the overall value of the contract is reduced to below the stipulated minimum threshold.

(3) A person awarded a contract may not subcontract more than 25% of the value of the contract to any other enterprise that does not have an equal or higher B-BBEE status level

of contributor than the person concerned, unless the contract is subcontracted to an EME that has the capability and ability to execute the subcontract.

27.8 Miscellaneous Special Conditions of Contract

Bid documentation must, inter alia, include the following conditions as Special Conditions of Contract:

27.8.1 General

(a) Only a bidder who has completed and signed the declaration part of a bid may be considered;

(b) When comparative prices must be calculated, any discounts which have been offered unconditionally will be taken into account;

(c) A discount which has been offered conditionally will, despite not being taken into account for evaluation purposes, be implemented when payment to a bidder in respect of an accepted bid is effected;

(d) Points scored in any applicable scoring system will be rounded off to the nearest 2 decimal places.

(e) **(i)** In the event that two or more bids score equal total points, the successful bid will be the one scoring the highest number of preference points for B-BBEE;

(ii) However, when functionality is part of the evaluation process and two or more bids have scored equal points including equal preference points for B-BBEE, the successful bid will be the one scoring the highest score for functionality.

(iii) Should two or more bids be equal in all respects, the award shall be decided by the drawing of lots.

27.8.2 Cancellation of a bid invitation

(f) The accounting officer may, prior to the award of a bid, by notice in the media in which the original bid was advertised, cancel such bid invitation if, due to changed circumstances, there is no longer a need for the goods, services or works requested or if funds are no longer available to cover the total envisaged expenditure or if no acceptable bids are received.

27.8.3 Declarations

(g) A bidder must -

(i) declare that the information provided in any bid document is true and correct;

(ii) declare that the signatory to a bid document is duly authorized; and

(iii) undertake to submit documentary proof regarding any bidding issue when required to the satisfaction of the municipality.

27.8.4 Remedies

(h) In addition to the action contemplated in paragraph 41 of this policy which shall be read in conjunction with this subparagraph:

(i) The municipality will, upon detecting that the B-BBEE status level of contribution has been claimed or obtained by a bidder on a fraudulent basis or any of the conditions of a contract awarded to such bidder or person have not been fulfilled, act against such bidder or person.

(ii) The municipality may, in addition to any other remedy it may have against the person contemplated in subparagraph (i) above -

(a) disqualify the person concerned from participating in any future bidding process with the municipality;

(b) recover all costs, losses or damages it has incurred or suffered as a result of that person's conduct;

(c) cancel the relevant contract and claim any damages which it has suffered as a result of having to make less favourable arrangements due to such cancellation;

(iii) The municipality may restrict a bidder or contractor, its shareholders and directors or only the shareholders and directors, as the case may be, who acted on a fraudulent basis in connection with a bid, from obtaining business from the municipality for a period not exceeding 10 years, provided that, before exercising this right, the municipality shall give the persons or parties concerned an opportunity to make representations and be heard in defence of such contemplated action; and

(iv) The municipality may refer any fraudulent action on the part of a bidder or contractor or any party aforesaid to the South African Police Services with a view to criminal prosecution.

(i) Where a bidder or contractor is restricted in terms of subparagraph (h)(iii) above, the accounting officer shall forward the relevant details to National Treasury for inclusion in the Central Database of Restricted Suppliers.

27.9 Savings

(k) In terms of section 7 of the Preferential Procurement Regulations, a contract may be awarded to a bidder that did not score the highest number of points only in accordance with section 2 (1)(f) of the Preferential Procurement Policy Framework Act No. 5 of 2000.

(l) In the application of section 2 (1)(f) of the aforesaid Act, the accounting officer may, for justifiable reasons which must be substantiated, explicitly determine in any bid documentation that a bidder shall be required to attain a specific goal or goals other than and excluding the goals of contracting with historically disadvantaged persons and implementing Reconstruction and Development Programmes in order to qualify for the award of a contract.

27.9.1 Procurement from tertiary institutions

(1) Where the municipality is in need of a service provided by only tertiary institutions, such services must be procured through a bidding process with the identified tertiary institutions.

(2) Tertiary institutions referred to in subparagraph (a) will be required to submit their B-BBEE status in terms of the specialized scorecard contained in the B-BBEE Codes of Good Practice.

(3) Should the municipality require a service that can be provided by one or more tertiary institutions or public entities and enterprises from the private sector, the appointment of a contractor will be done by means of a bidding process.

(4) Public entities must be required to submit their B-BBEE status in terms of the specialized scorecard contained in the B-BBEE Codes of Good Practice.

(5) For purposes of this paragraph, a bidding process includes a written offer in a prescribed or stipulated form in response to an invitation by the municipality for the provision of services, through price quotations, advertised competitive bidding processes or proposals.

27.9.2 Re-invitation of bids

The accounting officer must re-invite bids cancelled in terms of paragraphs 27 (3.3) and 24 (4.3) and must, in the new bid documents, stipulate the correct preference point system to be applied.

28. Bid evaluation committees

(1) A bid evaluation committee must, as far as possible, be composed of-

(a) officials from departments requiring the goods, services or works; and

(b) at least one supply chain management practitioner of the municipality.

(2)The National Treasury issued the Preferential Procurement Regulation, 2011 in terms of the Preferential Policy Framework Act No. 5 of 2000. In terms of these regulations all suppliers and service providers are required to be verified by either verification agencies, registered auditors or accounting officers in order to qualify for any BBBEE Contribution points when applying for quotations and bids.

(i) Cabinet approval 22 March 2011

(ii) Ministry approval and issue 08 June 2011

(iii) Effective Date: 07 December 2011

(3) A bid evaluation committee must -

(a) evaluate bids in accordance with the relevant bid specification or terms of reference, as the case may be, inclusive of unconditional discounts, sub-contracting and this policy; and

(b) evaluate each bidder's ability to execute the contract provided that, where bids are invited on the basis of functionality as a criterion, they must be evaluated in the following two stages:

(2) The accounting officer must promptly report any alleged contravention of sub-paragraph 1 to the National Treasury for considering whether the offending person, and any representative or intermediary through which such person is alleged to have acted, should be listed in the National Treasury's database of persons prohibited from doing business with the public sector.

(3) Subparagraph (1) does not apply to gifts less than R350 in value.

48. **Sponsorships**

The accounting officer must promptly disclose to the National Treasury and Eastern Cape Provincial Planning and Treasury any sponsorship promised, offered or granted, whether directly or through a representative or intermediary by any person who is -

(a) a provider or prospective provider of goods or services to the Enoch MgijimaLocal Municipality; or

(b) a recipient or prospective recipient of goods disposed of or to be disposed of by the Enoch MgijimaLocal Municipality.

49. **Objections and complaints**

Persons aggrieved by decisions or actions taken in the implementation of the supply chain management system, may lodge with the accounting officer, within 14 days of the decision or action, a written objection or complaint against the decision or action concerned.

50. **Resolution of disputes, objections, complaints and queries**

(1) The accounting officer must appoint an independent and impartial person who is not directly involved in the supply chain management processes -

(a) to assist in the resolution of disputes between the Enoch MgijimaLocal Municipality and other persons regarding -

(i) any decisions or actions taken in the implementation of the supply chain management system; or

(ii) any matter arising from a contract awarded in the course of the supply chain management system; or

(b) to deal with objections, complaints or queries regarding any such decisions or actions or any matters arising from such contract.

(2) The accounting officer or another official designated by the accounting officer is responsible for assisting the appointed person to perform his or her functions effectively.

(3) The person appointed must -

(a) strive to resolve promptly all disputes, objections, complaints or queries received; and

(b) submit monthly reports to the accounting officer on all disputes, objections, complaints or queries received, attended to or resolved.

(4) A dispute, objection, complaint or query may be referred to the Provincial Planning and Treasury and Treasury if -

(a) if it is not resolved within 60 days of lodgment; or

(b) no response is forthcoming within 60 days of lodgment.

(5) If the Provincial Planning and Treasury does not or cannot resolve the matter, the dispute, objection, complaint or query concerned may be referred to the National Treasury for resolution.

(6) This paragraph must not be read as affecting a person's rights to approach a competent court, at any time, for such order as may be just and necessary in the circumstances.

51. Contracts providing for compensation based on turnover

If a service provider acts on behalf of the Enoch Mgijima Local Municipality to provide any service or act as a collector of fees, service charges or taxes and the compensation payable to him is fixed as an agreed percentage of turnover for the service concerned or the amount collected, the contract between such service provider and the Enoch Mgijima Local Municipality must stipulate -

(a) a cap on the compensation payable to him; and

(b) that such compensation must be performance based.

52. Contract Management – issue of expansion and variation orders

(a) The accounting officer or nominee may, subject to the provisos to this subparagraph and subparagraphs (b) to (d) authorize the issue of expansion or variation orders (herein referred to as "variations orders") in respect of contract specifications or conditions of contract in order to accommodate costs for additional work either unforeseen when contracts were awarded for infrastructure projects, essential or necessary additional work or in instances where factors beyond the control of an

appointed contractor has led to or will lead to a delay in a contract completion date provided that:

(i) No expansion or variation order may be authorized for an amount exceeding 20% of the initial contract price for works related goods, services and/or infrastructure projects; or

(ii) 15% for all other goods and/or services; and, provided further –

that any expansion or variation order issued in excess of the aforesaid thresholds shall be dealt with in a manner provided in section 116 (3) of the Act.

(b) A variation order may only be issued after -

(i) the need for such order has been fully motivated by the responsible project manager and supported by the head of department concerned; and

(ii) the chief financial officer has certified that funds are available to cover the cost the required additional work.

(c) A request for the issue of a variation order in an amount exceeding R200 000 shall first be referred to the Bid Adjudication Committee which considered the initial bid for approval provided that the accounting officer may constitute a new Bid Adjudication Committee for this purpose.

(d) No request for a variation order may be approved in circumstance where new bids may be invited for the additional work concerned.

(e) The line manager responsible for the implementation of a project undertaken either departmentally or through an appointed contractor must keep a proper record of all variation orders issued in respect of a project.

(f) The original copy of an issued variation order must be filed with the original bid and contract documents.

(g) The responsible line manager must, upon completion of additional work or the expiry of any extended contract period authorized by a variation order, certify that the terms and conditions of such variation order have been complied with.

52.1. **Fronting**

(a) For purposes of this paragraph, “fronting” shall include the under-mentioned acts on the part of a bidder or any person or party associated with a bidder:

(i) **Window-dressing:** This includes cases in which black people are appointed or introduced to an enterprise on the basis of tokenism and may subsequently be discouraged or inhibited from substantially participating in the core activities of the enterprise concerned and/or be discouraged or inhibited from substantially participating in the declared areas and/or levels of their participation;

(ii) **Benefit Diversion:** This includes initiatives where the economic benefits received by an organization for having B-BBEE Status do not flow to black people in the ratio specified by law;

(iii) **Opportunistic Intermediaries:** This includes enterprises that have concluded agreements with other enterprises in order to leverage the opportunistic intermediary's favourable B-BBEE status in circumstances where the agreement involves:

(a) Significant limitations or restrictions on the identity of the opportunistic intermediary's suppliers, service providers, clients or customers;

(b) The maintenance of their business operations in a context reasonably considered improbable having regard to resources; and

(c) Terms and conditions that are not negotiated at arms-length on a fair and reasonable basis.

(b) Where the accounting office detects fronting, he must act against the bidder concerned in terms of paragraph 29(8.4) and, in addition, report such fronting to the Department of Trade and Industry.

53. SUPPLY CHAIN INFRASTRUCTURE PROCUREMENT PROVISIONS

53.1 Implementation of Infrastructure Procurement and Delivery

i. The municipality shall implement the National Treasury Standard for Infrastructure Procurement and Delivery Management to establish a suitable infrastructure procurement and delivery supply chain management policy to implement this standard.

ii. Such a policy is required as a minimum to:

a) Assign responsibilities for approving or accepting deliverables associated with a gate in the control framework or authorizing a tender process ;
b) Establish committees which are required by law;
c) Establish delegations for the awarding of a contract or the issuing of an order; and
d) Establish ethical standards for those involved in the procurement and delivery of infrastructure.

iii. Infrastructure procurement shall include immovable assets which are acquired, constructed or which results from construction operations or moveable assets which cannot function independently from purpose built immovable assets

iv. Infrastructure delivery shall include “the combination of all planning, technical, administrative and managerial actions associated with the construction, supply, renovation, rehabilitation, alteration, maintenance, operation or disposal of infrastructure

A 53.2. Institutional arrangements

B

53.2.1 Committee system for procurement

a. **General**

I. A committee system comprising the documentation committee, evaluation committee and tender committee shall be applied to all procurement procedures where the estimated value of the procurement exceeds the financial threshold for quotations and to the putting in place of framework agreements.

II. The evaluation committee shall, where competition for the issuing of an order amongst framework contractors takes place and the value of the order exceeds the financial threshold for quotations, evaluate the quotations received.

III. The persons appoint in writing as technical advisors and subject matter experts may attend any committee meeting. Such advisers and experts shall not participate in the decisions making proceedings of such meetings.

IV. No person who is a political officer bearer, a public office bearer, a political advisor or or who has a conflict of interest shall be appointed to a procurement documentation, evaluation or tender committee.

V. Committee decisions shall as far as possible be based on the consensus principle i.e. the general agreement characterized by the lack of sustained opposition to substantial issues. Committees shall record their decisions in writing. Such decisions shall be kept in a secured environment for a period of

not less than five years after the completion or cancellation of the contract unless otherwise determined in terms of the National Archives and Record Services Act of 1996.

VI. Committees may make decisions at meetings or, subject to the committee chairperson's approval, on the basis of responses to documents circulated to committee members provided that not less than sixty percent of the members are present or respond to the request for responses. Where the committee chairperson is absent from the meeting, the members of the committee who are present shall elect a chairperson from one of them to preside at the meeting.

C 53.2.2 PROCUREMENT DOCUMENTATION COMMITTEE

D

1) The accounting officer or the appropriately delegated authority shall appoint in writing on a procurement by procurement basis:
    i. The persons to review the procurement documents and to develop a procurement documentation review report in accordance with standards; and
    ii. The members of the procurement documentation committee.

2) The procurement documentation committee shall comprise one or more persons. The chairperson shall be an employee of Enoch Mgijima Municipality with requisite skills. Other members shall, where relevant, include a representative of the end user or the institution requiring infrastructure delivery.

3) No member of, or technical adviser or subject matter expert who participates in the work of the any of the procurement committees or a family member or associate of such a member, may tender for any work associated with the tender which is considered by these committees.

E 53.2.3 EVALUATION COMMITTEE

F

1) The accounting officer or accounting authority or the appropriately delegated authority shall appoint on a procurement by procurement basis in writing:
    i. the persons to prepare the evaluation and, where applicable, the quality evaluations, in accordance with the standard, respectively; and
    ii. the members of the evaluation committee.

2) The evaluation committee shall comprise not less than three people. The chairperson shall be an employee of Enoch Mgijima Municipality with requisite skills. Other members shall, where relevant, include a representative of the end user or the institution requiring infrastructure delivery.
3) The evaluation committee shall review the evaluation reports prepared in accordance the standards and as a minimum verify the following in respect of the recommended tenderer:
    a) the capability and capacity of a tenderer to perform the contract;
    b) the tenderer's tax compliance status;
    c) the Compulsory Declaration has been completed; and
    d) the tenderer is not listed in the National Treasury's Register for Tender Defaulters or the List of Restricted Suppliers.
4) No tender submitted by a member of, or technical adviser or subject matter expert who participates in the work of the procurement documentation committee or a family member or associate of such a member, may be considered by the evaluation committee.

G 53.2.4 TENDER COMMITTEE

H

1) Where no separate tender committee is established, this section should simply refer to the bid adjudication committee which is set up to deal with tenders with both the supply chain for general goods and services and for infrastructure the tender committee shall comprise the following persons or their mandated delegate.
2) No member of the evaluation committee may serve on the tender committee. A member of an evaluation committee may, however, participate in the

deliberations of a tender committee as a technical advisor or a subject matter expert.

3) The tender committee shall:

I

i. Consider the report and recommendations of the evaluation committee and:

ii. Verify that the procurement process which was followed complies with the provisions of this document;

iii. Confirm that the report is complete and addresses all considerations necessary to make a recommendation;

iv. Confirm the validity and reasonableness of reasons provided for the elimination of tenderers; and

v. Consider commercial risks and identify any risks that have been overlooked or fall outside of the scope of the report which warrant investigation prior to taking a final decision; and

vi. Refer the report back to the evaluation committee for their reconsideration or make a recommendation to the authorized person on the award of a tender, with or without conditions, together with reasons for such recommendation.

vii. The tender committee shall consider proposals regarding the cancellation, amendment, extension or transfer of contracts that have been awarded and make a recommendation to the authorized person on the course of action which should be taken.

viii. The tender committee shall consider the merits of an unsolicited offer and make a recommendation to the [accounting officer / accounting authority].

ix. The tender committee shall report to the Accounting Officer any recommendation made to award a contract to a tenderer other than the

tenderer recommended by the evaluation committee, giving reasons for making such a recommendation.

x. The tender committee shall not make a recommendation for an award of a contract or order if the recommended tenderer or framework contractor has:

a) made a misrepresentation or submitted false documents in competing for the contract or order; or

b) been convicted of a corrupt or fraudulent act in competing for any contract during the past five years.

J 53.2.5 ACTIONS OF AN AUTHORIZED PERSON RELATING TO THE AWARD OF A CONTRACT OR AN ORDER

1. Award of a contract

The authorised person shall, if the value of the contract inclusive of VAT is within his or her delegation, consider the report(s) and recommendations of the tender committee, or in the case of the awards for contracts below the quotation threshold, the recommendation of the designated person, and either:

a) award the contract after confirming that the report is complete and addresses all considerations necessary to make a recommendation and budgetary provisions are in place; or

b) decide not to proceed or to start afresh with the process.

K 53.2.6 REPORTING OF BREACHES

L

a. Employees and agents of Enoch Mgijima Municipality shall promptly report to the [accounting officer / accounting authority or chief financial officer or appropriately delegated authority] any alleged improper conduct which they may become aware of, including any alleged fraud or corruption.

M 53.2.7. Insurances

N

a) Contract shall be required to take out all insurances required in terms of the contract. The insurance cover in engineering and construction contracts for loss of or damage to property (except the works, Plant and Materials and Equipment) and liability for bodily injury to or death of a person (not an employee of the Contractor) caused by activity in connection with a contract shall in general not be less than the value stated below unless otherwise directed Accounting Officer

O

b) Minimum Insurance Cover

P **Type of insurance**	Q **Value** **R**
S Engineering and construction contracts - loss of or damage to property (except the works, Plant and Materials and Equipment) and liability for bodily injury to or death of a person (not an employee of the Contractor) caused by activity in connection with a contract **T**	U Not less than R20 million **V**
W Professional services and service contracts - death of or bodily injury to employees of the Contractor arising out of and in the course of their employment in connection with a contract or damage to property **X**	Y Not less than R10 million **Z**
AA Professional indemnity insurance **BB**	CC geotechnical, civil and structural engineering: R5,0 million DD electrical, mechanical and engineering: R3,0 million EE architectural: R5,0 million **FF** other R3,0 million

GG

54. EFFECTIVE DATE

The policy shall come to effect upon approval by Council.

55. . POLICY ADOPTION

This policy has been considered and approved by the COUNCIL OF ENOCH MGIJIMALOCAL MUNICIPALITY as follows:

Approval Date: 29/05/2018

_____

Acting Municipal Manager

D. van Wyk

ANNEXURE A

Enoch Mgijima Local Municipality

CODE OF CONDUCT FOR SUPPLY CHAIN MANAGEMENT PRACTITIONERS AND OTHER ROLE PLAYERS

The purpose of this Code of Conduct is to promote mutual trust and respect and an environment where business can be conducted with integrity and in a fair and reasonable manner.

1. General Principles

The Enoch MgijimaLocal Municipality commits itself to a policy of fair dealing and integrity in the conducting of its business. Officials and other role players involved in supply chain management (SCM) are in a position of trust which implies a duty to act in the public interest. Officials and other role players should not perform their duties to unlawfully gain any form of compensation, payment or gratuity from any person or provider / contractor either for themselves, their family, their friends and business associates.

Officials and other role players involved in SCM should ensure that they perform their duties efficiently, effectively, with integrity and in accordance with applicable legislation, policies and guidelines. They should ensure that public resources are administered responsibly.

Officials and other role players involved in SCM should be fair and impartial in the performance of their functions. They should, at no time, afford any undue preferential treatment to any group or individual or unfairly discriminate against any group or individual and they should also not abuse the power and authority vested in them.

2. Conflict of interest

An official or other role player involved with supply chain management -

(a) must treat all providers and potential providers equitably and fairly;

(b) may not use his/her position for private gain or to improperly benefit another person;

(c) may not accept any reward, gift, favour, hospitality or other benefit directly or indirectly, including to any close family member, partner or associate of that person, of a value more than R350;

(d) must declare to the accounting officer details of any reward, gift, favour, hospitality or other benefit promised, offered or granted to that person or to any close family member, partner or associate of that person;

(e) must declare to the accounting officer details of any private or business interest which that person or any close family member, partner or associate, may have in any proposed procurement or disposal process or in any award of a contract by the Enoch MgijimaLocal Municipality;

(f) must immediately withdraw from participating in any manner whatsoever in a procurement or disposal process or in the award of a contract in which that person or any close family member, partner or associate has any private or business interest;

(g) must declare any business, commercial and financial interests or activities undertaken for financial gain that may give rise to a possible conflict of interest;

(h) should not place him/herself under any financial or other obligation to outside individuals or organizations that might seek to influence him/her in the performance of his/her official duties; and

(i) should not take improper advantage of his/her previous office after leaving his/her official position.

3. Accountability

3.1 Practitioners are accountable to the public for their decisions and actions.

3.2 Practitioners should use public property scrupulously.

3.3 Only accounting officers or their delegates have the authority to commit the Enoch MgijimaLocal Municipality to any transaction for the procurement of goods, services or works.

3.4 All transactions conducted by a practitioner should be recorded and accounted for in an appropriate accounting system. Practitioners should not make any false or misleading entries in such a system for any reason whatsoever.

3.5 Practitioners must assist the accounting officer in combating fraud, corruption, favoritism, unfair and irregular practices in the supply chain management system.

3.6 Practitioners must report to the accounting officer any alleged irregular conduct in the supply chain management system which they may become aware of, including but not limited to -

(i) any alleged fraud, corruption, favoritism or unfair conduct;

(ii) any alleged contravention of the policy on inducements, rewards, gifts and favours to municipalities or municipal entities, officials or other role players; and

(iii) any alleged breach of this code of conduct.

3.7 Any declarations made must be recorded in a register which the accounting officer must keep for this purpose. Any declarations made by the accounting officer must be made to the mayor who must ensure that such declaration is recorded in the register.

4. Openness

Practitioners should be as open as possible about all the decisions and actions that they take. They should give reasons for their decisions and restrict the supply of information only if it is in the public interest to do so.

5. Confidentiality

5.1 Any information that is the property of the Enoch MgijimaLocal Municipality or its providers should be protected at all times. No information regarding any bid/contract/bidder/contractor may be revealed if such an action will infringe the relevant bidder's/contractors personal rights.

5.2 Matters of confidential nature in the possession of officials and other role players involved in SCM should be kept confidential unless legislation, the performance of duty or the provisions of law requires otherwise. Such restrictions also apply to officials and other role players involved in SCM after they have left the service of the Enoch MgijimaLocal Municipality.

6. Bid Specification / Evaluation / Adjudication Committees

6.1 Bid specification, evaluation and adjudication committees should implement supply chain management on behalf of the Enoch MgijimaLocal Municipality in an honest, fair, impartial, transparent, cost-effective and accountable manner.

6.2 Bid evaluation / adjudication committees should be familiar with and adhere to the prescribed legislation, directives and procedures in respect of supply chain management in order to perform effectively and efficiently.

6.3 All members of bid adjudication committees should be cleared by the accounting officer at the level of "CONFIDENTIAL" and should be required to declare their financial interest annually.

6.4 No person should-

6.4.1 interfere with the supply chain management system of the Enoch MgijimaLocal Municipality; or

6.4.2 amend or tamper with any price quotation / bid after its submission.

7. Combative Practices

Combative practices are unethical and illegal and should be avoided at all cost. They include but are not limited to:

(i) suggestions to fictitious lower quotations;

(ii) reference to non-existent competition;

(iii) exploiting errors in price quotations / bids;

(iv) soliciting price quotations / bids from bidders / contractors whose names appear on the Register for Tender Defaulters.

ANNEXURE B

SCHEDULE TO SMALL BUSINESSES ACT NO. 102 OF 1996

Column 1	Column 2	Column 3	Column 4	Column 5
Sector or sub-sector in accordance with the Standard Industrial Classification	**Size of class**	**The total full-time equivalent of paid employees**	**Total turnover**	**Total gross asset value (fixed property excluded)**
Agriculture	Medium Small Very small Micro	100 50 10 5	R 5 m R 3 m R 0.50 m R 0.20 m	R 5 m R 3 m R 0.50 m R 0.10 m
Mining and Quarrying	Medium Small Very small Micro	200 50 20 5	R 39 m R 10 m R 4 m R 0.20 m	R 23 m R 6 m R 2 m R 0.10 m
Manufacturing	Medium Small Very small Micro	200 50 20 5	R 51 m R 13 m R 5 m R 0.20 m	R 19 m R 5 m R 2 m R 0.10 m
Electricity, Gas and Water	Medium Small Very small Micro	200 50 20 5	R 51 m R 13 m R 5.10 m R 0.20 m	R 19 m R 5 m R 1.90 m R 0.10 m
Construction	Medium Small Very small Micro	200 50 20 5	R 26 m R 6 m R 3 m R 0.20 m	R 5 m R 1 m R 0.50 m R 0.10 m
Retail and Motor Trade and Repair Services	Medium Small Very small Micro	200 50 20 5	R 39 m R 19 m R 4 m R 0.20 m	R 6 m R 3 m R 0.60 m R 0.10 m
Wholesale Trade, Commercial Agents and Allied Services	Medium Small Very small Micro	200 50 20 5	R 64 m R 32 m R 6 m R 0.20 m	R 10 m R 5 m R 0.60 m R 0.10 m
Catering, Accommodation and other Trade	Medium Small Very small Micro	200 50 20 5	R 13 m R 6 m R 5.10 m R 0.20 m	R 3 m R 1 m R 1.90 m R 0.10 m
Transport, Storage and Communications	Medium Small Very small Micro	200 50 20 5	R 26 m R 13 m R 3 m R 0.20 m	R 6 m R 3 m R 0.60 m R 0.10 m
Finance and Business Services	Medium Small	200 50	R 26 m R 13 m	R 5 m R 3 m

	Very small Micro	20 5	R 3 m R 0.20 m	R 0.50 m R 0.10 m
Community, Social and Personal Services	Medium Small Very small Micro	200 50 20 5		

This policy has been considered and approved by the COUNCIL OF ENOCH MGIJIMALOCAL MUNICIPALITY as follows:

Approval Date: 29/05/2018

_____

Acting Municipal Manager

D. van Wyk

ENOCH MGIJIMA LOCAL MUNICIPALITY

TARRIFS POLICY

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DEFINITION AND TERMS

1. ***"Agricultural consumers*** "means consumers engaged in agriculture,

2. *"**break even"*** means the financial situation where the income derived by the Municipality from the supply of a service is equal to the aggregate of the fixed and the variable costs associated with the provision of the service concerned;

3. ***"commercial consumers"*** means shops, offices, liquor stores, governmental institution (unless otherwise stated), supermarkets, public garages, gathering places (unless otherwise stated), nurseries, places of entertainment, service stations, hairdressing salons, caravan parks, game farms, eco-tourism, banks, hotels, hospitals, clinics, guesthouses, boarding houses and doctor and dentist consulting rooms and suchlike business undertakings;

4. ***"community service"*** means the services referred to in paragraph 5(1)(c) [that the Council has classified as such] and in respect of which the tariffs are set at a level that the costs of the services are not recovered fully from public service charges and are of a regulatory nature;

5. ***"consumer"*** Means any occupier of any property to which the municipality has agreed to supply services or already supplies services to, or any owner/landlord of a property to which the municipality has agreed to supply services or already supplies services, and any owner of a property not receiving services but for which property services had been made available, and any person liable to the Municipality for taxes, rates or other charges.

6. ***"the council"*** means Enoch Mgijima Municipal Council, and "municipal council" shall have a corresponding meaning;

7. ***"councillor for financial services*** "means the councillor of the municipal council responsible for financial services;
8. ***"domestic properties*** "means residential properties, group housing, town houses, semi-detached houses and suchlike properties;

9. ***"due date"*** –in relation to accounts payable monthly on a recurring basis, the 15th day of the month which follows on the month during which an account is rendered; in relation to accounts payable annually, 30th September unless otherwise provided by any other law; and in all other instances, as and when demand for payment is made by the Municipality.

10. ***"economic services"*** means services referred to in paragraph 5(1)(b) and in respect of which the tariffs are set at a level that the total costs of the services are recovered from customers;

11. ***"educational institutions*** "means schools (unless otherwise stated), [crèches on municipal properties], colleges, universities and suchlike institutions;

12. *"**flat rates"*** means the unit charge.

13. ***"the Finance Act"*** means the Local Government : Municipal Finance Management Act, 2003 (Act No 56 of 2003);

14. ***"fixed costs"*** means costs which do not vary with consumption or volume produced and as more fully set out in this policy

15. ***"indigent households*** “means households that are registered at the municipality as such and meet the municipality's criteria in terms of its credit control and debt collection policy and occupying a property within the jurisdiction of the municipality and "poor households" shall have a corresponding meaning;

16. ***"industrial consumers*** “means industrial undertakings, factories, warehouses, workshop, scrap yards, wine cellars, abattoirs, dairy processing plants, fish markets and suchlike consumers;

17. ***"Municipality"*** means when referred thereto as–an entity, Enoch Mgijima Municipality as a municipality described in Section 2 of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000), including a duly authorized official of Enoch Mgijima Municipality; and a geographical area, the area of jurisdiction of Enoch Mgijima Municipality as determined in terms of the Local Government: Municipal Demarcation Act, 1998 (Act 27 of 1998).

18. ***"owner"*** in relation to a property, means the person in whose name the property is registered in the Deeds Registry and such owner's successors;

19. ***"public benefit organizations'"*** means public benefit organizations as defined in Section 30 of the Income Tax Act No 58 of 1962;

20. ***"resident "*** means a person who ordinarily resides in the municipal area;

21. ***"special agreements*** “means special tariff agreements entered into with categories of consumers making significant economic contributions to the community and create job opportunities;

22. ***"sport and recreation facilities*** “means properties used exclusively for sport and recreation purposes including school sport fields which are metered separately for water and electrimunicipality consumption;

23. ***"the Systems Act"*** means the Local Government: Municipal Systems Act, 2000 (Act no 32 of 2000);

24. **“tariff”** means a tariff for services which a municipality may set for the provision of a service to the local community, and includes a surcharge on such tariff.”

25. ***"total cost”*** means the sum of all fixed and variable costs associated with a service;

26. ***"trading services”*** means services referred to in paragraph 5(1)(a) and in respect of which the tariffs are set at a level that the Council makes a profit on the delivery of the services;

27. ***"two-part tariffs”*** means tariffs that are raised to recover the fixed and variable costs separately. The fixed costs are recovered by dividing the total fixed costs by the number of customers per category and the variable costs are recovered by dividing the total variable costs by the volume consumed. Applicable to all household consumers which use an average of less than 400kWh per month, based on an average usage of the past 4 months, and classified as non-permanent residents .i.e. reside less than 9 months in dwelling.

28. ***"units consumed”*** means the number of units consumed of a particular service and are measured in terms of the tariff structure reflected in paragraph 7;

29. ***"variable costs”*** means costs that vary with consumption or volume produced and as more fully set out in paragraph 5(3)(ii);

30. ***"VAT"*** means Value-Added Tax in terms of the Value-Added Tax Act, 1991, as amended;any reference in this tariff policy to 'an availability charge' in relation to a particular service (albeit water, electrimunicipality, sanitation and refuse removal) shall mean an amount payable by the consumer in respect of the service as the consumer may reasonably be connected to the service which is available, although the vacant property concerned is not in fact so connected and or serviced. In contrast hereto a ' charge' shall refer to the minimum amount payable by the consumer in respect of a particular service irrespective of the extent to which the service is used during any given period

of time.For subdivisions or group housing developments, where the developer provides theinternal civil services, availability charges for all erven approved and subdivided within he development for water, electrimunicipality, refuse removal and sanitation (where applicable) become payable 12 months after the issue of the Completion Certificate in terms of GCC 2010. If an individual erf within the development is transferred before the 12 month period has expired, availability charges for that specific erf will become payable for water and sewer as on the date of transfer, the submission of a building plan or the request for a Certificate of Registered Title. The date of the completion certificate must be confirmed by the director responsible for the specific service and which certificate a copy must be submitted immediately on receipt to the financial department.

31. In this tariff policy, a word or expression derived from a word or expression defined in Subsection (1) has a corresponding meaning unless the context indicates that another meaning is intended.

32. This tariff policy must be read with all other Acts, Ordinances and Regulations pertaining to the supply of services by the Municipality and the tariffs and fees payable in respect thereof. In the event of any inconsistency between this tariff policy and any other legislation in force when this tariff policy comes into effect, this tariff policy shall prevail.

LEGISLATIVE FRAMEWORK

Tariff in terms of this Policy shall comply with the:

a) Constitution of the Republic of South Africa, 1996 as amended;
b) Local Government: Municipal Finance Management Act, 2003
c) Local Government: Municipal Systems Act, 2000 (Act 32 of 2000)

1. PREAMBLE

Tariffs are a significant revenue source to local authorities they are also a key point of engagement between local government and the people they serve. A municipality speaks directly to its citizens when it sends them a bill for services rendered. Clearly, getting tariffs right and maximising the revenue available from tariffs is vital for

ensuring financial sustainability. The tariff policy is a key statement where the municipality can explain to citizens what it intends to achieve through its tariffs, and assure them that tariffs are set based on strategic decisions the municipality needs to make. The tariff policy provides citizens with information that helps them to understand and interpret the bill they pay.

2. PURPOSE

It is intended that this policy document guides the annual setting (or revision) of tariffs, hence the policy does not make specific tariff proposals, nor does it deal in any detail with the implementation of specific tariff proposals. Details pertaining to specific levels and applications of the various tariffs are published in the Tariff listing, which must be read in conjunction with this Policy, and is issued on annual basis together with the Municipal Budget.

3. SCOPE OF APPLICABILITY

This Policy shall be applicable to the services provided or delivered by the Municipality and shall also be applied by an agent, contractor or other form of municipal service provider acting on behalf of the Municipality in terms of an agreement.

The policy is applicable to all tariffs for electricity , water, sanitation and solid waste services including availability charges and capital contribution charges as applicable and this policy is also applicable to all sundry tariffs, as provided for in the Tariff listing of Enoch Mgijima Municipality.

4. PRINCIPLES AND VALUES

i. To comply with the provisions of section 74 of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000).

ii. To prescribe procedures for calculating tariffs where the municipality wishes to appoint service providers in terms of section 76(b) of the Act.

iii. To give guidance to the Councillor responsible for finance regarding tariff proposals that must be submitted to Council annually during the budget process.

5. POLICY OBJECTIVES

The objective of the tariff policy is to ensure the following:

a) The tariffs of the Municipality conform to acceptable policy principles;
b) Municipal services are financially sustainable;
c) There is certainty in the Council, of how the tariffs will be determined;
d) Tariffs of the Municipality comply with the applicable legislation; and
e) Tariffs should take into consideration relief to the indigent.

6. POLICY PROVISIONS

6.1 Guiding principles

Enoch Mgijima Municipality wishes to record that the following tariff principles will apply:

(a) All users of municipal services will be treated equitably as practically possible;
(b) The amount payable by consumers and / or owners will generally be in proportion to usage of the service and compliance with municipal by-laws;
(c) Poor households must have access to basic services, however relief will be granted to poor households in line with the applicable Indigent Policy from financial year to financial year, and approved by Council;
(d) Free basic services will only be possible if National Government pay to the municipality in terms of the Division of Revenue Act (DORA) an equitable share allocation which covers the full costs of the free basic services;
(e) Tariffs must reflect the total cost of services or must be cost reflective;
(f) Tariffs must be set at a level that facilitates the sustainability of services. Sustainability will be achieved by ensuring that:

(i) Cash inflows cover cash outflows. This means that sufficient provision for working capital and bad debts will be made;

(ii) Access to the capital market is maintained. This will be achieved by providing for the repayment of capital, maintaining sufficient liquidity levels and making profits on trading services in order to subsidize rates and general services; and

(iii) Service providers retain a fair rate of return on their investments;

(iv) There is constant improvement on key financial ratios that are utilized to measure financial performance of the municipality.

(g) Provision may be made in appropriate circumstances for surcharges on tariffs;

(h) Efficient and effective use of resources may be encouraged by providing for penalties or stepped tariffs to prohibit or restrict exorbitant use;

(i) The extent of subsidization of tariffs will be disclosed and such disclosure will include the extent of subsidization of the poor or incentives for local economic development;

(j) Provision may be made for the promotion of local economic development through special tariffs for categories of commercial and industrial users, more especially when they are to promote job opportunities around the metropolitan area OR improve the economic viability of the municipal area;

(k) VAT is excluded from all tariffs and will be additional to these tariffs when applicable;

(l) The Enoch Mgijima Municipality can introduce new tariffs or strategies thereof as part of the budget process, which must be subjected to due processes and final approval by Council, and

(m) This policy shall be binding on all tariffs other than those governed by legislation, which supersedes the Local Government: Municipal Systems Act, No 32 of2000.

HH

6.2 Free Basic Services

II Municipality recognizes that Indigent is entitled to a minimum amount of free basic services in line with provision of Indigent policy. Basic services refer to:

JJ i) Portable Water

KK iii) Domestic refuse removal

LL iv) Municipal Health services

MM v) Household Sanitation, Septic

NN vi) Tank and V.I.P toilet

6.2. Affordable Tariffs

OO

PP a) Enoch Mgijima undertakes to keep tariffs at affordable levels and will ensure that:

QQ i) Services are delivered at an appropriate level;

RR ii) Efficiencies are built into all Municipal operations;

SS iii) A performance management system is introduced to ensure that plans that are devised are actually implemented, that resources are obtained as economically as possible, used efficiently and effectively and that appropriate service delivery mechanisms are used;

TT iv) Any service that is provided for which there is little demand, that is priced under the actual cost of providing it and which requires the Municipality to maintain significant infrastructure and other facilities, are phased out, except where the Municipality is by law required to provide such as service.

UU

VV b) To increase affordability for indigent persons, Municipality will ensure that its share of revenue raised nationally, will be used to efficiently subsidise a certain level of basic services for them.

6.3. Categories of consumers

6.3.1 Separate tariff structures may be imposed for the following categories of Consumers (which the council may change):

i) Domestic consumers;
ii) Indigent consumers;
iii) Commercial consumers;
iv) Industrial consumers;
v) Agricultural consumers; where applicable;
vi) Municipalities;
vii) Consumers with whom special agreements were made;
viii) Consumers in certain geographical areas;
ix) Sport and recreation facilities;
x) Educational institutions; and
xi) Public benefit organisations and suchlike institutions;
xii) State Departments.

Where substantially different demands are made on the infrastructure used to provide a service to a specific group of users within a category or the standard of services required by such users, the council may, after having considered a report by the Municipal Manager or the relevant Head of Department, determine differentiated tariffs for the different consumers within the specific category.

Services shall, by applying the closest match principle, determine the category under which the user or category of users fits in best taking into account the nature of the service concerned and the user or category of users involved.

6.3.2 Cost elements

The following cost elements will be used to calculate the tariffs of the different services:

a) *Fixed costs* which consist of the capital costs (interest and redemption) on external loans as well as internal advances and or depreciation whichever are applicable to the service and any other costs of a permanent nature as determined by the Council from time to time.
b) *Variable cost:* This includes all other variable costs that have reference to the service.
c) *Total cost:* consist of the fixed cost and variable cost.

7. TARIFF TYPES

In determining the type of tariff applicable to the type of service the municipality shall make use of the following six options or a combination of the same.

a) *Single tariff:* this tariff shall consist of a cost per unit consumed. All costs will be recovered through unit charges at the level where income and expenditure breaks even. Subject to a recommendation by the Chief Financial Officer the council may decide to approve profits on trading services during the budget meeting. Such profits will be added to the fixed and variable cost of the service for the purpose of calculating the tariffs.

b) *Cost related two to three part tariff:* this tariff shall consist of two to three parts. Management, capital, maintenance and operating costs will be recovered by grouping certain components together e.g. management, capital and maintenance costs may be grouped together and be recovered by a fixed

charge, independent of consumption for all classes of consumers, while the variable costs may be recovered by a unit charge per unit consumed. Three part tariffs will be used to calculate the tariff for electricity and to provide for maximum demand and usage during limited demand.

c) *Inclining block tariff:* this tariff is based on consumption levels being categorized into blocks, the tariffs being determined and increased as consumption levels increase. The first step in the tariffs will be calculated at break-even point. Subsequent steps will be calculated to yield profits and to discourage excessive use of the commodity.

d) *Declining block tariff:* this tariff is the opposite of the inclining block tariff and decreases as consumption levels increase. The first step will be calculated by dividing the fixed and variable cost and profit determined by council form time to time by the volume consumed. This tariff will only be used for special agreements.

e) *Regulating tariff:* this tariff is only of a regulatory nature and the municipality may recover the full or a portion of the cost associated with rendering the service.

f) *Time-of-use tariff*: this tariff is based on fixed charges and seasonally and time differentiated energy and demand charges.

g) Stage based public transport tariff based on a 5km stage distance with 15km as the base distance.

h) Duplicate Statements (History)

i) Valuation certificates

j) Clearance figures application

7.1. Payment for Services Rendered

WW

XX a) Notwithstanding the provision for a minimum amount of free basic services, consumers of services must pay for the amount of services that they use.

YY b) Where it is possible to measure the consumption of services, the municipality to install metering systems as in the case of water usage, and to take into account the free service element.

ZZ c) In this regard the municipality will develop and fast-track a programme of installing meters where such meters remain outstanding. In line with the latter, it is Council's policy that the tariff for such services must include all relevant cost factors as stated above.

AAA

7.2. Local Economic Development and Competitiveness

BBB

CCC a) The size of the service charge accounts presented to local businesses is a significant business overhead for any business enterprise in the municipal area. The overhead of a business is one of the factors that influence the price of goods and services sold by it, and therefore its profitability and chances of survival.

DDD b) The municipality will therefore be sensitive that municipal accounts presented to local businesses are fair by amongst others, considering the desire:

EEE i) To promote local economic competitiveness; and

FFF ii) To promote local economic development and growth.

GGG

7.3. Service Delivery Sustainability

HHH a) The Municipality must ensure that the service that it provides must be sustainable. Financial sustainability of an enterprise will be achieved when it is financed in a manner that ensures that its financing is sufficient.

III b) The tariff for a service must therefore be sufficient to cover the cost of the initial capital expenditure required and interest thereon, managing and operating the service and maintaining, repairing and replacing the physical assets used in its provision.

JJJ c) Sustainability does not only mean that the price of the services must include all relevant costs element, it also means that the charges to be levied must be collected.

KKK d) The Council shall therefore adopt and apply a Credit Control and Debt Collection policy to ensure that service charges are recovered.

LLL

7.4. Tariff Determination

MMM a) Tariffs represent charges levied by Council on consumers for the utilization of services provided by the Municipality. Tariffs shall be calculated in various different ways, dependent upon the nature of the service being provided.

NNN b) Tariffs shall be set in such a manner so as to recover the full cost of the service being provided or recover a portion of those costs, or to bring about a surplus that can be utilized to subsidise other non-economical services.

OOO c) In special circumstances, such as significant increases in the cost price of goods and services, the Council will review its tariffs during the preparation of the annual budget.

PPP d) Proposed tariffs shall be presented to the community during the Council's consultations about the budget. Immediately after the Council has determined or amended a tariff, the Accounting Officer must clearly display it at all offices of the Municipality as well as at such other places within the municipal area as he/she may determine. The notice must state:

QQQ i) The general purpose of the resolution;

RRR ii) The date on which the determination or amendment comes into operation;

SSS iii) The date on which the notice is displayed;

TTT iv) That any person who desires to object to such determination or amendment must do so in writing within 21 days after the date on which the notice was displayed; and

UUU v) That any person who cannot write may come during office hours to a place where a staff member of the Municipality named in the notice will assist that person to transcribe his objection.

VVV e) If no objection is lodged within the period stated in the notice the determination or amendment will come into operation on the date determined by the municipality. Where an objection is lodged, the Municipality will consider every objection.

WWW f) The municipality shall, after it has considered all objections, confirm, amend, or withdraw the determination or amendment and may determine another, on the date on which the determination or amendment will come into operation.

XXX g) After the Council has considered the objections it will again give notice of the determination, amendment or date as determined above and will also publish it as determined by the Council.

7.5. Revenue Sources

YYY a) The Council shall finance the affairs of the Municipality by:

ZZZ i) Charging fees for services; and

AAAA ii) Imposing surcharges on fees, and to the extent authorized by national legislation, other taxes, levies and duties.

BBBB b) The Municipality shall establish appropriate mechanisms, procedures and processes to ensure community participation in, amongst other things, the preparation of its budget.

CCCC c) The following provisions shall be applicable:

DDDD i) Interest shall be charged at a prime rate per annum/per month; must be paid to the Municipality on accounts that have not been paid within thirty days from the date on which such accounts became due.

EEEE ii) Interest shall not be applicable to persons with a qualifying indigent status (refer to Indigent Policy);

FFFF iii) Accounts outstanding for more than six months should incur a prime rate collection charge

GGGG iv) Any fine imposed or money treated as bail in respect of any offence under the ordinance or a bylaw made by the Council, must be paid to the Municipality.
HHHH
IIII
JJJJ

7.6. Reconnection Fees

KKKK Reconnection fee shall be charged on all disconnected services.

7.7. Classification of Services, Categories & Levels of Consumers

LLLL a) Traditionally, municipal services have been classified as trading, rates & general services (economic, subsidized and community services) and housing services based on how they are financed. The categorization is as follows:
MMMM

7.7.1. Trading Services

NNNN a) The tariffs for trading services are determined in such a way that a net trading surplus is realized. The trading surplus is used to subsidise the tariffs of non-trading services.
OOOO

7.7.2. Economical Services

PPPP a) The consumption of an economic service can be measured or determined with reasonable accuracy and apportioned to an individual consumer. The tariffs shall be determined in such a way that the costs for providing a service are recovered.
QQQQ

7.7.3. Subsidized Services

RRRR a) A user charge is payable for using the service, but the tariff is much lower than the real cost of providing the service.
SSSS

7.7.4. Sundries

TTTT
UUUU i) The following services shall be considered as economic services, and the tariffs levied shall cover 100% or as near as possible to 100% of the budgeted annual operating expenses of the service concerned:
VVVV a) Building plan fees

WWWW b) Photostat copies and fees
XXXX ii) The following charges and tariffs shall be considered as regulatory or punitive and shall be determined as appropriate in each annual budget:
YYYY a) Advertising sign fees

ZZZZ b) Reconnection fees to water only

AAAAA c) Other charges imposed in line with the credit and debt control policy

BBBBB d) Penalties related to dishonored, stale, post-dated or otherwise unacceptable cheques
CCCCC

8. TARIFF STRUCTURES AND METHODS OF CALCULATIONS

8 .1 Calculation of tariffs for major services

i) In order to determine the tariffs which must be charged for the supply of the four major services (water, electricity, refuse removal and sewerage) the municipality shall identify all the operational costs of the undertakings concerned, including specifically the following:

a) Cost of bulk purchases in the case of water and electricity.
b) Purification costs (water and sewer)
c) Distribution costs.
d) Distribution losses in the case of electricity and water.
e) Depreciation expenses.
f) Maintenance of infrastructure and other fixed assets.
g) Administration and service costs, including:
(1) Service charges levied by other departments such as finance, human resources and legal services;
(2) Reasonable general overheads, such as the costs associated with the office of the municipal manager;
(3) Adequate contributions to the provisions for bad debts and obsolescence of stock;
(4) all other ordinary operating expenses associated with the service concerned including, in the case of the electricity service, the cost of providing street lighting in the municipal area (note: the costs of the democratic process in the municipality – that is, all expenses associated with the political structures of the municipality – shall form part of the expenses to be financed from property rates and general revenues, and shall not be included in the costing of the major services of the municipality).
ii) The intended surplus to be generated for the financial year, such surplus to be applied:
a) As an appropriation to capital reserves; and/or
b) Generally in relief of rates and general services.
8.2 The cost of approved indigent relief measures.
8.3 The municipality shall provide the first 50kWh of electricity per month as a standard plus any additional units as decided upon from time to time and the first 6 kl of water per month free of charge to consumers who have registered as indigents in terms of the municipality's indigent relief programme. The municipality shall further consider relief in respect of the tariffs for sewerage and refuse removal for such registered indigents to the extent that the council deems such relief affordable in terms of each annual budget.
8.4 Tariffs for pre-paid meters shall be less than the ordinary consumption tariffs levied on the category of consumer concerned.

The following tariff structure will, where possible, be used to determine tariffs:

8.1.1 ELECTRICITY

8.1.1.1. Tariff structure

i) Maximum demand (kVA) plus fixed tariff plus kWh consumed.
ii) Fixed tariff plus kWh consumed.
iii) Unit tariff (kWh consumed) (Pre-payment meters).

Method of calculation

I. Guidelines issued by the National Electricity Regulator from time to time will form the basis of calculating tariffs.
II. To recover the capital cost of supplying electricity through a fixed charge will make electricity unaffordable to many low consumption users.
III. Cross subsidization between and within categories of consumers will be allowed based on the load factors of the categories and consumers within the category. Portions of the fixed costs will be recovered through an energy or time-of-use charge. To apply the abovementioned principle the cost allocation basis, cost groupings, tariff components and tariff types reflected in the following tables will be used.

8.1.1.2 The one-part single energy rate tariff:

For the one-part single energy rate tariff, all costs are expressed in a single cents/kWh charge. The recommended methodology for allocating costs into this tariff is as follows:

i) The rands/kVA/month cost must be allocated into a cents/kWh charge through consideration of the average load factor of the types of customer who are likely to use the one-part single energy rate tariff.

ii) The rands/customer/month fixed cost should also be allocated into the cents/kWh charge and allocated to the kWh purchase costs in such a way as to ensure that at a level of monthly consumption of 400 kWh, the full amount of the fixed costs would have been recovered through the cents/kWh charge.

iii) The qualification criteria to be placed on one part tariff -where the average of consumption is less than 400kWh per month, is as follows;

(a) All Households that are defined as indigent household consumers as per the credit control policy of Council.

(b) All consumers which have been identified as permanently inhabited households and meet the following criteria;

(i) Reside for a minimum period of 9 months per year in the dwelling.

(ii) A consumer must submit a sworn affidavit form before any Commissioner of Oath to this effect.

(iii) A new affidavit must be handed in annually before 1 July of each financial year in order to remain on the one part tariff.

iv) If the monthly consumption of the Indigent Household exceeds 450 kWh per month, the electricity tariff will be changed to the higher tariff for normal households.

v) Backyard-dwellers also qualify for the free basic electricity units, as determined by Council, if they are deemed to be indigent. The safety of the electrical network on the property is the responsibility of the owner

of the property. A valid certificate of compliance (COC) must be made available to the Municipality on request.

8.1.1.3 The two-part tariff:

i) The rands/kVA/month charge must be allocated into a cents/kWh charge through consideration of the average load factor of the types of customer who are likely to choose the two-part tariff. This reallocated charge must then be added to the kWh purchase charge.

ii) The rands/customer/month charge is not reallocated into other tariff elements.

iii) The tariff then consists of a fixed monthly charge plus a variable charge related to metered kWh consumption.

iv) This is applicable to all conventional household credit meters where households have an average consumption of less than 400kWh per month and where households are categorised as non-permanent household and don’t meet the criteria

8.1.1.3 The two-part time-of-use tariff:

i) The rands/kVa/ month charge must be reallocated into different time-of-use cents/kWh charges through consideration of the load curve of the customer in relation to the load curve of the supplier. Such reallocated charges must then be added to the kWh purchase charges, as appropriate.

ii) The rands/customer/month charge is not reallocated.

8.1.1.4 The three-part tariff:

i) The rands/kVA charge recovers the network cost elements. Some of this cost must be reallocated into different tariff elements.
ii) The cents/kWh charge therefore recovers the full variable costs as well as a portion of the reallocated rands/kVA costs.
iii) The rands/customer/month charge is not reallocated.

8.1.1.4 The three-part time-of-use tariff:

I. As with the standard three-part tariff, a portion of the rands/kVA/month charge is reallocated into the various time-of-use cents/kWh charges. The amount of the reallocation takes place with regard to the customer's load factor. The time-variation of the municipality costs is taken into account in the reallocation of the rands/kVA charge into the various time-of-use cents/kWh charges.
II. The cents/kWh charge therefore recovers the full variable costs as well as a portion of the reallocated rands/kVA charges.
III. The rand /customer/month charge is not reallocated.
IV. Where council decide to make a profit on the service the profit will be added to the fixed and variable cost before tariffs are calculated.
V. Where properties are not connected to the electricity municipality service but can reasonably be connected to the service an availability tariff will be payable. The tariff will be calculated by adding a surcharge of 50% to the fixed costs applicable to be connected consumers per category.
VI. When bulk consumers with electronic type meters close during December/January (one metering period), and use maximum demand for less than 5 days during the metering period and the municipality demand does not coincide with the customers demand reading, then the minimum demand charge will apply for that month if arrangements are made with the Technical services at least one week before the period.

8.1.1.5 The Pre-Paid System

No refund for ppm tokens will be given to clients that move to another address with a different prepaid meter.

8.1.1.6 Theft and fraud

The responsibility for outstanding costs for meter tampering and penalties will be the responsibility of the owner of the property in cases where the tenants tampered with the prepaid meter.

9. REFUSE REMOVAL

9.1 Tariff structure

i) Plastic bags per week (volume).

ii) Containers per week (volume) (240 litre) (1,1m³).

iii) Bulk Refuse Containers

iv) Truck load ‹2000kg.

v) Truck load ›2000kg.

9.2 Method of calculation

i) The costs per unit of measurement will be determined by dividing the total costs of the service by the total volume of refuse disposed of during the year. The total cost of the service includes the removal cost plus the operating cost associated with the service. The unit charge per cubic meter\ will be converted to a cost per black bag. A cost per month will be calculated for domestic consumers based on the average number of bags removed per week.

(1) The cost associated with the removal of bulk containers will be determined by calculating how many of the smallest removal units will be absorbed by a specific container.

ii) A monthly rental for the usage of a bulk container will be determined by discounting the purchase price of a bulk container over 5 years at an interest rate applicable to municipal loans.

iii) After council has consulted with owners or occupiers of commercial and industrial undertakings which do not make use of the standard black bags or mass containers, tariffs will be determined based on the estimated volume that will be removed per month.

iv) Opportunity costs for once-off removals will be calculated by recovering the costs of the volume removed plus a percentage surcharge as determine by council.

v) A refuse removal tariff will be raised and is payable by all owners or occupiers of each developed property connected to the water and electricity municipality distribution network of the council or any other service provider or those who have applied to be connected whether such owner or occupier uses the refuse removal

service or not or those who are not connected to the distribution networks to whom a refuse removal service is rendered on request.
vi) No refuse removal tariffs will be raised where council has not introduced a refuse removal service.

10. CALCULATION OF MINOR TARIFFS

10.1 All minor tariffs (being tariffs in respect of services and facilities other than the major services referred to in paragraph 3(4) shall be approved by the council in each annual budget, and shall, when deemed appropriate by the council, be subsidized by property rates and general revenues, particularly when the tariffs will prove uneconomical when charged to cover the cost of the service concerned, or when the cost cannot accurately be determined, or when the tariff is designed purely to regulate rather than finance the use of the particular service or amenity.
10.2 All minor tariffs over which the municipality has full control, and which are not directly related to the cost of a particular service, shall annually be adjusted at least in line with the prevailing consumer price index, unless there are compelling reasons why such adjustment should not be effected.
i) The following services shall be considered as subsidized services, Burials and cemeteries.
ii) Rentals for the use of municipal sports facilities.
iii) Municipal swimming pool.
iv) Municipal public transport.

10.3 The following services shall be considered as community services, and no tariffs
shall be levied for their use:
i) Municipal museum and art gallery.
ii) Disposal of garden refuse at the municipal tip site.
iii) Municipal reference library.
iv) Municipal lending library (except for fines set out below).
v) Municipal botanical garden, and all other parks and open spaces.

10.4 The following services shall be considered as economic services, and the tariffs levied shall cover 100% or as near as possible to 100% of the budgeted annual operating expenses of the service concerned:

i) Maintenance of graves and garden of remembrance (cremations).
ii) Housing rentals.
iii) Rentals for the use of municipal halls and other premises (subject to the proviso set out below).
iv) Building plan fees.
v) Sales of plastic refuse bags.
vi) Sales of refuse bins.
vii) Cleaning of stands.
viii) Electricity, sewerage: new connection fees.
ix) Sale of livestock and plants.
x) Photostat copies and fees.
xi) Clearance certificates for purposes of property transfers.
xii) Town planning fees.
xiii) Parking Fees.

10.5 The following charges and tariffs shall be considered as regulatory or punitive:
i) Fines for lost or overdue library books.
ii) Advertising sign fees.
iii) Pound fees.
iv) Electricity municipality, water: disconnection and reconnection fees.
v) Penalty and other charges imposed in terms of the approved policy on credit control and debt collection.
vi) Penalty charges for the submission of dishonoured, stale, post-dated or otherwise unacceptable cheques.
vii) Industrial Effluent.
viii) All tariffs as approve in terms of the drought relief program.
ix) Fines- All relevant fines to be implemented by Council.

10.6 Market-related rentals shall be levied for the lease of municipal properties. i) In the case of rentals for the use of municipal halls and premises, if the municipal manager is satisfied that the halls or premises are required for non-profit making purposes and for the provision of a service to the community and for arts and culture groups, the municipal manager may allow a discount of 50% on the rental that would otherwise have applied. The abovementioned will not apply to political parties and political parties
may not use the halls for free.

ii) The municipal manager shall determine whether an indemnity or guarantee must in each instance be lodged for the rental of municipal halls, premises and sports fields, and in so determining shall be guided by the likelihood of the municipality sustaining damages as a result of the use of the facilities concerned.

11. Tariff structure

The unit of measurement as reflected in the separate list of tariffs approved annually will be used to determine regulatory community and subsidized services. Halls can be rented at an hourly rate for a maximum of up to three (3) hours.

12. Method of calculation

These tariffs will be adjusted annually by increasing the tariff that applied during the previous financial year by a percentage increase as determined by the majority councillors present at the meeting where the budget is approved.

13. Overdue Amounts

i) The Municipality shall be entitled to levy an administration fee on a month to month basis on all overdue accounts subject to such maximum amount per month as the Council may determine.

ii) The Municipality may at its discretion enter into a repayment schedule with a consumer in respect of overdue amounts, which repayment schedule will be incorporated into an acknowledgment of debt in favour of the Municipality and signed by the consumer. Upon signature of such an acknowledgment of debt, the consumer will become liable for payment of an administration fee in such amount as the Council may determine for attending on the debtor and entering into the acknowledgment of debt with the consumer.

14. CAPITAL CONTRIBUTIONS

14.1 For purposes of these tariffs the under mentioned words and expressions shall have the following meanings assigned to them unless the context otherwise requires:
i. "capital contributions", the tariffs payable in respect of the water, electricity , sewerage, storm water, roads and refuse removal infrastructure of the municipality and which amounts exclude amounts payable towards the operational and maintenance costs of such infrastructure;
ii. "equivalent erf", in relation Enoch Mgijima Municipality to –
1. electricity, a property with a hypothetic design capacity of 10kVA before diversity as determined by Enoch Mgijima Municipality's Director: Technical Services in accordance with his standard formula, subject thereto that (a) a 3 phase domestic supply shall be equal to 2 equivalent erven (i.e. 20kVA); (b) a 3 phase business supply shall be equal to 3 equivalent erven (i.e. 30 kVA); and (c) any other cases shall be determined by Municipality's Director: technical Services on a basis of what is fair and reasonable; and
iii. solid waste removal, a property of which the hypothetic solid waste generation is equal to that of a three-bedroom residential unit calculated in accordance with the standard formula as determined by the Director:
Community Services.
iv. "Transfer", transfer of the relevant property in terms of the Deeds Registries Act 47 of 1937 or any similar transfer of ownership.
14.2 Capital contributions are payable in addition to any service charges, charges for consumption, availability charges and connection fees.
14.3 The capital contributions provided for in these tariffs may be imposed by any person or authority when granting any authorization, exemption or application contemplated in terms of any other legislation that may be applicable : Provided that these tariffs shall not limit or restrict the conditions that may be imposed by such person or authority and such person or authority shall be free to impose such other capital contributions as it may deem necessary or expedient under the circumstances.
14.4 All capital contributions are adjusted annually and will be charged and be payable at the revised tariffs which are applicable at the time of transfer of the erf or property concerned or the approval of building plans in respect of such erf or property, whichever takes place first : Provided that should the number of erven, residential

units, equivalent erven or other basis on which capital contributions may previously have been based, increase, additional capital contributions shall be payable calculated in accordance with the then existing tariffs when such changes take place or building plans are approved, as the case may be, whichever shall be the earlier.

14.5 Should the floor area of an existing building be increased or should approved building plans be changed or should an existing or authorised use of any building be changed or should new buildings be erected, or the electricity supply be increased, as the case may be, the owner shall be liable for payment of capital contributions in respect of such extensions, additions or changes, as the case may be, in accordance with the tariffs applicable from time to time, which capital contributions shall become payable upon approval of the building plans in respect of such extensions or additions or the occurrence of such change, as he case may be.

14.6 Should any capital contributions have been paid upon approval of building plans or at any time before transfer of a property and any changes as contemplated in this policy paragraphs 14.4) and e 14.5) subsequently occur, the provisions of paragraphs) 14.4) and e)shall apply *mutatis mutandis* in determining the additional capital contributions payable.

14.7 The capital contributions for roads and solid waste removal shall be calculated in accordance with the applicable standard formula of Enoch Mgijima Municipality's Director: Civil Engineering Services and Director: Community Services.

14.8 To the extent that storm water drainage is not provided for in the standard formula referred to in paragraph (g) above in respect of roads or if, in the opinion of Enoch Mgijima Municipality's Director: Civil Engineering Services, it would be more appropriate, the capital contribution in respect of storm water drainage shall be equal to the direct costs of the storm water drainage infrastructure provided or to be provided.

14.9 Capital contributions shall be payable by the registered owner of the property concerned at the time when the contribution is due and payable, which shall be upon transfer or approval of building plans, whichever shall be applicable, unless any conditions of approval provide otherwise.

14.10 The capital contributions provided for in these tariffs shall be payable unless the payment of such amount is replaced by a condition imposed in or any other legislation that may be applicable.

14.11 The following transitional arrangements shall apply in respect of these tariffs:

i) Should any building plans have been submitted for approval in terms of the National Building Regulations and Building Standards Act, 1977 (Act no 103 of 1977) on or before 30th June 2006 and such approval is

granted after 30th June 2006, the capital contributions in force on 30th June 2006 shall, subject to sub-paragraph (iv), apply.

ii) Should application for a certificate (generally referred to as a rates clearance certificate) as contemplated in Section 118 of the Local Government: Municipal Systems Act, 2000 (Act no 32 of 2000) have been made on or before 30th June 2006 and such certificate is issued after 30th June 2006, the capital contributions in force on 30th June 2006 shall, subject to sub-paragraph (iv), apply in respect of any tariff payable

before transfer of the property concerned.

iii) Should the approval of any building plans in terms of the National Building Regulations and Building Standards Act, 1977 (Act no 103 of 1977), lapse after 30th June 2006 without being extended, the capital

contributions in force at the time of any subsequent approval of building plans for the property concerned shall, subject to sub-paragraph (iv), apply.

iv) Should any authorisation, exemption or application in terms of any other legislation that may be applicable, granted on or before 30th June 2006 not have provided for the payment of any tariffs or amounts in respect of any particular infrastructure provided for in these tariffs, the registered owner shall not as a result of these tariffs only become liable for payment of a capital contribution for which the registered owner would otherwise not have been liable : Provided that if any changes as contemplated in paragraph

(e) Subsequently occur, the provisions of paragraphs (d) and (e) shall apply *mutatis mutandis* in determining the capital contributions payable.

15. NOTIFICATION OF TARIFFS, FEES AND SERVICE CHARGES

15.1 The tariffs will be approved as part of the annual budget.

15.2 The tariffs will come into effect as and when determined by the Council.

16. IMPLEMENTING AND PHASING IN OF THE POLICY

16.1 The principles contained in this policy will be reflected in the various budget proposals submitted to council on an annual basis, service by-laws as promulgated and adjusted by Council from time to time and the tariff by-laws

referred to in section 75 of the Systems Act.

17. ADJUSTMENT OF ACCOUNTS

a. Where incorrect debits were raised, the accounts under query will be rectified for the current financial year and two preceding years.
b. Adjustments made to the customers' service account, where the adjustment is in the customers favour, will be made for the three preceding years.
c. Adjustments made to the consumers' service account, where the adjustment is in the municipality's' favour, will be made for the twelve preceding months.(1 Year).
d. Where the customer caused the adjustment, for example through the by-passing of meters or by supplying the incorrect information, the adjustment will be made for the three preceding years.

18. POLICY ADOPTION

This policy has been considered and approved by the COUNCIL OF ENOCH MGIJIMA LOCAL MUNICIPALITY as follows:

Approval Date: 29/05/2018

_____

Acting Municipal Manager

D. van Wyk

ENOCH MGIJIMA LOCAL MUNICIPALITY

IRREGULAR, FRUITLESS, UNAUTHORISED AND WASTEFUL POLICY

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18. POLICY ADOPTION 279

DEFINITIONS AND TERMS

Except if otherwise indicated:

a) **"Councillor**" means member of municipal council of EM.

b) „**Fruitless and wasteful expenditure**" means expenditure that was made in vain and would have been avoided had reasonable care been exercised.

c) **"Financial Misconduct**" means any misappropriation, mismanagement, waste or theft of the finances of a municipality, and also includes any form of financial misconduct specifically set out in sections 171 and 172 of the Act.

d) "**Irregular expenditure**", in relation to a municipality or municipal entity, means:

(a) Expenditure incurred by a municipality in contravention of, or that is not in accordance with, a requirement of this Act, and which has not been condoned in terms of section 170;

(b) (b) Expenditure incurred by a municipality in contravention of, or that is not in accordance with, a requirement of the Municipal Systems Act, and which has not been condoned in terms of this Act;

(c) Expenditure incurred by a municipality in contravention of, or that is not in accordance with, a requirement of the Public Office-Bearers Act, 1998, (Act 20 of 1998);

(d) expenditure incurred by a municipality in contravention of, or that is not in accordance with, a requirement of the supply chain management policy of EM or any of the municipality's by-laws giving effect to such policy, and which has not been condoned in terms of such policy or by-law; or

(e) Excludes expenditure by a municipality which falls within the definition of unauthorised expenditure".

e) **"Official"** in relation to a EM, means: an employee of EM;

(a) a person seconded to a EM or to work as a member of the staff of the EM; or

(b) a person contracted by a EM to work as a member of the staff of the EM or otherwise than as an employee.

f) **„Overspending**" means: in relation to the budget of a municipality, means causing the operational or capital expenditure incurred by the municipality during a financial year to exceed the total amount appropriated in that year's budget for its operational or capital expenditure, as the case may be;

In relation to a vote, means causing expenditure under the vote to exceed the amount appropriated for that vote; or In relation to expenditure under section

26, means causing expenditure under that section to exceed the limits allowed in subsection (5) of that section.

g) "**Political Office Bearer**" means the speaker, executive mayor, Councillor, or a member of the executive committee as referred to in the Municipal Structures Act.

h) "**Prohibited expenditure**" in relation to this policy means unauthorised, irregular, fruitless and wasteful expenditure;

i) "**Senior Manager**" has the meaning assigned to it in section 1 of the MFMA and in relation to EM refers to Directors and CFO

j) „**Unauthorised expenditure**", means: any expenditure incurred by a municipality otherwise than in accordance with section 15 or 11(3), and includes-

(a) Overspending of the total amount appropriated in the municipality's approved budget;

(b) Overspending of the total amount appropriated for a vote in the approved budget;

(c) Expenditure from a vote unrelated to the department or functional area covered by the vote;

(d) Expenditure of money appropriated for a specific purpose, otherwise than for that specific purpose;

(e) Spending of an allocation referred to in paragraph (b), (c) or (d) of the definition of „„allocation"" otherwise than in accordance with any conditions of the allocation; or

(f) a grant by EM otherwise than in accordance with the MFMA.

k) „**Vote**" means:

(a) One of the main segments into which a budget of a municipality is divided for the appropriation of money for the different department or functional areas of the municipality; and

(b) which specifies the total amount that is appropriated for the purposes of the department or functional area concerned.

LEGISLATIVE FRAMEWORK

The following enabling legislation sets the precedent for the development of EM unauthorised, irregular, fruitless and wasteful expenditure Policy:

a) The Constitution of the Republic of South Africa, 1996, Act No 108 of 1996;

b) The Municipal Finance Management Act, 2003, No 56 of 2003;

c) The Remuneration of Public Office Bearers Act;

d) Municipal Systems Act, 2000, Act No 32 of 2000;

e) MFMA Circular 68;

f) Any other legislation, regulation or circular that may impact this policy; and

g) Municipal Structures Act No. 117 of 1999

1. PREAMBLE

1.1. In terms of section 62 of the Municipal Finance Management Act No. 56 of 2003 (herein referred to as “MFMA”), the accounting officer is responsible for managing the financial affairs of Enoch Mgijima (EM) and she must, for this purpose, inter alia:

a) Take all reasonable steps to ensure that unauthorised, irregular; fruitless and wasteful expenditure and other losses are prevented; and

b) Ensure that disciplinary or, when appropriate, criminal proceedings are instituted against any official or councillor of EM who has allegedly committed an act of financial misconduct or an offence in terms of Chapter 15 of the MFMA.

1.2. This is to ensure the effective, efficient and transparent systems of financial, risk management and internal control.

2. OBJECTIVES

2.1. This document sets out EM‟s policy and procedures with regards to unauthorised, irregular, fruitless and wasteful expenditure.

2.2. This policy aims to ensure that, amongst other things:

a) Unauthorised, irregular, or fruitless and wasteful expenditure is detected, processed, recorded, and reported in a timely manner;

b) Officials and councillors have a clear and comprehensive understanding of the procedures they must follow when addressing unauthorised, irregular, fruitless and wasteful expenditure;

c) EM resources are managed in compliance with the MFMA, the municipal regulations and other relevant legislation; and

d) All officials and councillors are aware of their responsibilities in respect of unauthorised, irregular, fruitless and wasteful expenditure.

3. APPLICATION OF THIS POLICY

3.1. This policy applies to all officials and councillors of EM

3.2. This policy should be read in conjunction with the following of EM:

a) Code of Conduct for Municipal Staff Members; and

b) Code of Conduct for Councillors.

3.3. Officials and Councillors must ensure all instances of unauthorised, irregular expenditure as well as fruitless and wasteful expenditure is prevented where possible, and is detected and reported in a timely manner.

4. UNAUTHORISED EXPENDITURE

4.1. Enoch Mgijima Municipality may incur expenditure only in terms of an approved budget and within the limits of the amounts appropriated for the different votes in an approved budget.

4.2. Expenditure incurred within the ambit of EM"s virement policy included in the budget policy is not regarded as unauthorised expenditure.

4.3. Any expenditure that has not been budgeted for, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, economic entity or organ of state and expenditure in the form of a grant that is not permitted in terms of the MFMA is regarded as unauthorised expenditure.

Unauthorised expenditure would include:

a) Any overspending in relation to both the operational budget and capital budget of the municipality;

b) Overspending in relation to each of the votes on both the operational budget and capital budget;

c) Use funds allocated to one department for purposes of another department or for purposes that are not provided for in the budget;

d) Funds that have been designated for a specific purpose or project within a departments vote may not be used for any other purpose;

e) Any use of conditional grant funds for a purpose other than that specified in the relevant conditional grant framework is classified as unauthorised expenditure;

f) Any grant to an individual or household unless it is in terms of the municipality's indigent policy, bursary scheme, corporate social responsibility policy, councillors discretionary grant or the grants-in-aid;

g) Unforeseen and unavoidable expenditure not authorised within an adjustments budget within 60 days after the expenditure was incurred; and

h) Any overspending on non-cash items, for example depreciation, impairments, provisions.

4.5 Officials and councillors must ensure that all instances of fruitless and wasteful expenditure are prevented where possible, and are detected and reported in a timely manner

4.6 Expenditures that are NOT classified as unauthorized expenditure

Given the definition of unauthorised expenditure, the following are examples of expenditure that are NOT unauthorised expenditure:

i. Any over-collection on the revenue side of the budget as this is not an expenditure; and

ii. Any expenditure incurred in respect of:

iii. Any of the transactions mentioned in section 11(1)(a) to (j) of the MFMA;

iv. Re-allocation of funds and the use of such funds in accordance with a council approved virement policy;

v. overspending of an amount allocated by standard classification on the main budget Table A2 (Budgeted Financial Performance: revenue and expenditure by standard classification), as long as it does not result in overspending of a „vote" on the main budget Table A3 (Budgeted Financial Performance: revenue and expenditure by municipal vote) and Table A4 (Budgeted Financial Performance: revenue and expenditure (read in conjunction with supporting Table SA1) of the MBRR; and

vi. overspending of an amount allocated by standard classification on the main budget Table A5 (Budgeted Capital Expenditure by vote, standard classification and funding) of the MBRR so long as it does not result in overspending of a „vote‟ on the main budget Table A5.

Money withdrawn from a bank account under the following circumstances, without appropriation, in terms of an approved budget, is not regarded as unauthorised expenditure:

a) To defray expenditure authorised in terms of section 26 (4) of the MFMA, [Section 26: Consequences of failure to approve a budget before the start of the budget year];

b) To defray unforeseen / unavoidable expenditure circumstances strictly in accordance with Section 29 (1) of the MFMA [Section 29: Unforeseen and unavoidable expenditure] failing which the unforeseen /unavoidable expenditure is unauthorised;

c) Re-allocation of funds and the use of such funds in accordance with a council approved virement policy;

d) Expenditure incurred from a special bank account for relief, charitable or trust purposes provided of course that it is done strictly in accordance with Section 12 of the MFMA [Section 12: Relief, charitable, trust or other funds];

e) To pay over to a person or organ of state money received by the EM on behalf of that person or organ of state, including—

(i) Money collected by the EM on behalf of that person or organ of state by agreement; or

(ii) any insurance or other payments received by the EM for that person or organ of state;

f) To refund money incorrectly paid into a bank account;

g) To refund guarantees, sureties and security deposits;

h) For cash management and investment purposes in accordance with: Cash Management and Investments]; and

i) To defray increased expenditure in terms of section 31 [Section 31: Shifting of funds between multi-year appropriations].

4.7 Any expenditure approved in terms the Municipal Budget and Reporting Regulations (MBRR).

5. IRREGULAR EXPENDITURE

5.1. Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the Municipality" supply chain management policy.

5.2. Irregular expenditure is actually expenditure that is in violation of some or other procedural/legislative requirement as specified in the MFMA Irregular expenditure excludes unauthorised expenditure.

5.3. Although a transaction or an event may trigger irregular expenditure, a Council will only identify irregular expenditure when a payment is made. The recognition of irregular expenditure must be linked to a financial transaction.

5.4. If the possibility of irregular expenditure is determined prior to a payment being made, the transgression shall be regarded as a matter of non-compliance.

5.5. Remuneration of councillors

5.5.1 Payments to EM councillors cannot exceed the upper limits of the salaries, allowances and benefits for those councillors as promulgated in the Public Officers Bearers Act.

5.5.2 Any remuneration paid or given in cash or in kind to a person as a councillor or as a member of a political structure of EM otherwise than in accordance with 7.6.1 including any bonus, bursary, loan, advance or other benefit, must be classified as irregular expenditure.

5.6. Irregular staff appointments

5.6.1. No person may be employed in EM unless the post, to which he or she is appointed, is provided for in the EM"s staff establishment of the municipality as approved by the council.

5.6.2. Any person who takes a decision knowing that such decision is unlawful will be held personally liable for any irregular or fruitless and wasteful expenditure that the municipality may incur as a result of such invalid decision.

5.6.3 Officials and councillors must ensure that all instances of fruitless and wasteful expenditure are prevented where possible, and are detected and reported in a timely manner.

5.6.4 Community members deliberately supplied information to benefit on indigent subsidy such as paraffin, electricity or write off debt for rates and taxes .That community member having been approved by ward councillor such benefit must be reported to SAPS as fraud.

6. FRUITLESS AND WASTEFUL EXPENDITURE

6.1. All officials and councillors must always act cautiously when spending public money and ensure that they abide by the public and accountability principles which are to promote “efficient, economic and effective use of resources and the attainment of value for money”.

6.2. Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised.

6.3. This type of expenditure is incurred where no value for money is received for expenditure or the use of resources. No particular expenditure is explicitly identified by the MFMA as fruitless and wasteful.

6.4. Expenditure incurred that has been budgeted for (authorised) and was not regarded as irregular expenditure could be classified as fruitless and wasteful expenditure.

6.5.1 An expense is only fruitless and wasteful in terms of this policy if:

(i) It was made in vain (meaning that the municipality did not receive value for money) and;

(ii) and would have been avoided had reasonable care been exercised (meaning that the official or councillor concerned did not carelessly or negligently cause the expenditure to be incurred by the municipality furthermore another official or councillor under the same circumstances would not have been able to avoid incurring the same expenditure)

6.5.2 In determining whether expenditure is fruitless and wasteful, officials and councillors must apply the requirement of reasonable care as an objective

measurement to determine whether or not a particular expenditure was fruitless and wasteful, that is-

a) Would the average man (in this case the average experienced official or councillor) have incurred the particular expenditure under exactly the same conditions or circumstances? and

b) Is the expenditure being incurred at the right price, right quality, right time and right quantity?

6.6 Officials and councillors must ensure that all instances of fruitless and wasteful expenditure are prevented where possible, and are detected and reported in a timely manner.

7 .REPORTING ON UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

7.1. Reporting of unauthorised, irregular, fruitless and wasteful expenditure must be done at the appropriate level, as this could constitute financial misconduct as follows:

a) a Councillor of a municipality, must be reported to the Speaker of the council;

b) The municipal manager and speaker must be reported to Council;

c) Directors or the chief financial officer of a municipality must be reported to the municipal manager;

d) All cases of prohibited expenditure reported as per a), b) and c) above must be referred to Municipal Public Accounts Committee or Audit Committee for investigation unless the allegations are frivolous, vexatious, speculative or obviously unfounded; and

e) Officials below executive management level of the municipality must be reported to the CFO unless in the professional opinion of the CFO or MM the nature or the amount of the prohibited expenditure warrants the case to be referred to Audit Committee and MPACC.

7.2. All reports made by officials, councillors must be treated with utmost confidentially.

7.3. The MM must promptly inform the Mayor, the MEC for local government in the Province and the Auditor-General, in writing, of any unauthorised, irregular or fruitless and wasteful expenditure incurred by the municipality:

a) Whether any person is responsible or under investigation for such unauthorised, irregular or fruitless and wasteful expenditure; and

b) The steps that have been taken:

c) To recover or rectify such expenditure; and

d) To prevent a recurrence of such expenditure.

7.4. All expenditure classified as unauthorised, irregular, fruitless and wasteful expenditure must be reported to:

a) The Finance Portfolio Committee on a monthly basis as part of section 71 report;

Mayoral Committee on a quarterly basis through section 52(d) report;

c) Council on a quarterly basis;

d) MPAC on a quarterly basis; and

e) Audit Committee on a quarterly basis.

7.5. In accounting for unauthorised, irregular, fruitless and wasteful expenditure, municipal manager or delegated officials (as may be relevant) must ensure that:

a) All confirmed unauthorised, irregular, fruitless and wasteful expenditure must be recorded in separate account, in the accounting system of EM, created for each of the above types of expenditure;

b) All such expenditure is disclosed in the annual financial statements as required by the MFMA and treasury requirements; and

c) Details pertaining to unauthorised, irregular, fruitless and wasteful expenditure must be disclosed in the Municipality's Annual Report.

9. MAINTAINING OF REGISTER FOR UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

9.1. Council must maintain a register of all incidents of unauthorised, irregular, fruitless and wasteful expenditure:

a) This register will be maintained by the CFO for all officials other than the CFO and MM;

b) A separate register must be maintained by the MM for expenditure incurred by CFO;

c) A separate register must be maintained by the Mayor for expenditure incurred by the MM; and

d) The Speaker will maintain a register for expenditure incurred by the Mayor and Councillors.

9.2. These registers must be updated on a monthly basis.

10. INVESTIGATION OF UNAUTHORISED AND IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

10.1. MPACC and or Audit Committee must institute an investigation of all prohibited expenditure reported in terms of clause 9.1. (d), above.

10.2. The CFO must seek the Municipal Managers approval to investigation all prohibited expenditure reported to him/her in terms of clause 9.1(e) unless the allegations are frivolous, vexatious, speculative or obviously unfounded.

10.3. Once the nature of the expenditure is confirmed as unauthorised, irregular, fruitless and wasteful expenditure, the person to whom the prohibited expenditure was reported in terms of clause 9.1 above must institute the necessary procedures which could include disciplinary as well criminal proceedings.

11. DISCIPLINARY AND CRIMINAL CHARGES FOR UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

11.1. After having followed a proper investigation, as per paragraph 11 above, the Finance Committee or the CFO as the case may be must determine whether there is a prima facie case and that a Councillor or official made, permitted or authorized prohibited expenditure.

11.2. If a prima facie case has been established, as per paragraph 12.1 above, then Finance Committee, mayor or municipal manager (as may be relevant) must institute disciplinary action as follows:

a) Financial misconduct in terms of section 171 of the MFMA: in the case of an official that deliberately or negligently:

(i) contravened a provision of the MFMA which resulted in prohibited expenditure; or

(ii) made, permitted or authorised an irregular expenditure (due to non- compliance with any of legislation mentioned in the definition of irregular expenditure);

b) Breach of the Code of Conduct for Municipal Staff Members: in the case of an official whose actions in making, permitting or authorizing an prohibited expenditure constitute a breach of the Code; and

c) Breach of the Code of Conduct for Councillors: in the case of a Councillor, whose actions in making, permitting or authorizing an irregular expenditure constitute a breach of the Code. This would also include instances where a councillor knowingly voted in favour or agreed with a resolution before council that contravened legislation resulting in prohibited expenditure when implemented, or where the Councillor improperly interfered in the management or administration of the municipality.

The Portfolio Chair Finance, mayor or municipal manager or delegated officials (as may be relevant) must promptly report to the SAPS all cases of alleged:

a) Irregular expenditure that constitute a criminal offence; and

b) Theft and fraud that occurred in the municipality.

11.3. The Mayor must take all reasonable steps to ensure that all cases referred to in the above paragraph are reported to the South African Police Service if:

a) The charge is against the MM; or

b) The MM fails to comply with the above paragraph.

12. RECOVERY UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

12.1. The MM or delegated person must recover unauthorised, irregular or fruitless and wasteful expenditure from the person liable for that expenditure unless the expenditure:

a) In the case of unauthorised expenditure, is

I. authorised in an adjustment budget; OR

II. Certified by the municipal council, after investigation by MPACC or Audit Committee, as irrecoverable and is written off by council; and

b) In the case of irregular or fruitless and wasteful expenditure, is after investigation by MPACC or Audit Committee, certified by council as irrecoverable and written off by council.

12.2. Irregular expenditures resulting from breaches of the Public Office-Bearers Act must be recovered from the Councillor to whom it was paid.

12.3. Once it has been established who is liable for the unauthorised, irregular, fruitless and wasteful expenditure, the Municipal Manager must in writing request that the liable Councillor or official pay the amount within 30 days or in reasonable instalment .

12.4. Without limiting liability in terms of the common law or other legislation, the MM must recover any such expenditure, in full, from official or Councillor where:

a) In the case of a Councillor, the Councillor knowingly or after having been advised by the MM that the expenditure is likely to result in unauthorised, irregular or fruitless and wasteful expenditure, instructed an official of EM to incur the expenditure; and In case of the official, the official deliberately or negligently incurred such expenditure.

12.5. The fact that the Council may have approved the expenditure for writing off or deemed it to be irrecoverable is no excuse in:

a) Either disciplinary or criminal proceedings against a person charged with the commission of an offence or a breach of the MFMA relating to such unauthorised, irregular or fruitless and wasteful expenditure; or

b) Recovery of such expenditure from such person.

12.6. If the official or councillor fails to make satisfactory payment arrangements or fails to honour payment arrangements made, the amount owed for prohibited expenditure must be recovered through the normal debt collection process of the municipality.

13. CONSEQUENCES OF NON-COMPLIANCE

13.1. Any official or councillor who does not comply with their reporting duties in terms of this policy could be found guilty of Financial Misconduct.

13.2. Any councillor or official of EM will be committing an act of financial misconduct if that councillor or official deliberately or negligently makes or permits, or instructs another official of EM to make, an unauthorised, irregular or fruitless and wasteful expenditure.

14. PROTECTION OF OFFICIALS OR COUNCILLORS WHO HAVE REPORTED UNAUTHORIZED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

14.1. If any official or councillor who has complied with this policy and as a result thereof has been subjected to intimidation, victimisation, threats such official or councillor should immediately report such threats, victimisation or intimidation immediately to the MM or the Mayor where applicable.

14.2. The MM or Mayor must immediately take appropriate action to ensure that protection of the official or councillor after receiving the above report.

14.3. Where the nature of the threats warrants such action, the threats should be reported to the SAPS by the official concerned, the MM or the Mayor, where applicable.

15. EFFECTIVE DATE

This policy will be effective upon adoption by Council.

16. REVIEW OF POLICY

This policy must be reviewed and updated:

a) Annually in line with the budget cycle and submitted with the budget policies; or

b) Sooner if new legislation, regulation or circulars are issued that will impact this policy.

18. POLICY ADOPTION

This policy has been considered and approved by the COUNCIL OF ENOCH MGIJIMA LOCAL MUNICIPALITY as follows:

Approval Date: 29/05/2018

_____

Acting Municipal Manager

D. van Wyk

ENOCH MGIJIMA LOCAL MUNICIPALITY

INDIGENT POLICY

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DEFINITIONS

Child headed household means a household where both parents are deceased and where all occupants of the property are children of the deceased and are under the legal age to contract for services;

Household means as a registered owner or tenant with or without children who reside on the same premises;

Indigent means any household or category of households, including a child headed household, earning a combined gross income, as determined by the municipality annually in terms of a social and economic analysis of its area for example two state pensioners, which qualifies for rebates/remissions, support or a services subsidy; provided that child support grants are not included when calculating such household income;

Indigent Management System an electronic management system applied by Enoch Mgijima Municipality for the management of the register for indigent households;

Municipality means the Enoch Mgijima Local Municipality, established in terms of Section 12 of the Municipal Structures Act, 117 of 1998, and includes any political structure, political office bearer, councillor, duly authorized agent or any employee acting in connection with this by-law by virtue of a power vested in the municipality and delegated or sub-delegated to such political structure, political office bearer, councillor, agent or employee;

FBS Co-ordinator an official duly authorised by the municipality, or an employee of a service provider appointed by the municipality, who is responsible for the following:

(a) To ensure that applications for indigent support are received and assessed;

(b) To ensure that applications are captured on the Indigent Management System;

(c) To ensure that information on applications are verified, screened and that regular audits/ site visits are executed; and

(d) To authorise expenditure with regard to indigent support.

Occupier means the person who controls and resides on or controls and otherwise uses immovable property, provided that -

(a) The spouse of the owner of immovable property, which is used by such spouse or owner as a dwelling at any time, shall be deemed to be the occupier thereof;

(b) Where both spouses reside on immovable property and one of them is an occupier thereof, the other shall also be deemed an occupier;

`**indigent debtor** 'means the head of an indigent household, inclusive of destitute indigent, being old age pensioner, the unemployed and households with a total monthly income as determined in this policy:

(a) who applies for the provision of service from the municipality, and

(b) who makes application for indigent support in terms of this Policy,

(c) who shall be regarded as the representative of all members of his/her household.

(d) Which indigent household members shall not own any other fixed property other than the property for which application is made, which premises has access to municipal to municipal services.

Indigent register means the Microsoft Access database, which has to be updated on a monthly basis, designed to contain all the inputted data contained within completed indigent application forms which contains the following key information:

- Indigent customer details
- Socio-economic details
- Skills details

In addition the indigent register is able to provide reports relating to, but not limited to the following:

- Indigent application exceptions
- Skills reporting required for LED/exit strategy
- Socio economic reporting

Owner in relation to immovable property, means -

(a) The person in whom is vested the legal title thereto provided that -

(i) The lessee of immovable property which is leased for a period of not less than fifty years, whether the lease is registered or not, shall be deemed to be the owner thereof; and

(ii) The occupier of immovable property occupied in terms of servitude or right analogous thereto shall be deemed the owner thereof;

(b) if the owner is deceased, insolvent, has assigned his or her estate for the benefit of his or her creditors, has been placed under curatorship by order of court or is a company being wound up or under judicial management, then the person in whom the administration of such property is vested as executor, administrator, trustee, assignee, curator, liquidator or judicial manager, as the case may be;

(c) if the owner is absent from the Republic or if his or her address is unknown to the municipality, then any person who as agent or otherwise receives or is entitled to receive the rent in respect of such property; or

(d) if the municipality is unable to determine who such person is, then the person who is entitled to the beneficial use of such property;

'premises' includes any piece of land, the external surface boundaries of which are delineated on -

(a) a general plan or diagram registered in terms of the Land Survey Act, 1997 (Act No. 8 of 1997) or in terms of the Deeds Registries Act, 1937 (Act No. 47 of 1937);

(b) a general plan registered in terms of the Sectional Titles Act, 1986 (Act No. 95 of 1986), and situated within the jurisdiction of the municipality;

Rates mean any tax, duty or levy imposed on property by the Council;

Poverty is defined with reference to a poverty line i.e if a household earns gross income lower than the set amount that a household and its members are deemed to be living in poverty.

Municipal Manager means the municipal manager of Enoch Mgijima municipality or his/her nominee acting in terms of power delegated to him/her by the said municipal manager with the concurrence of the council.

THE LEGISLATIVE FRAMEWORK

This policy is designed and implemented within the framework of the following legislation:

a) The Constitution of the RSA, 1996;
b) The Municipal Systems Act, 2000 (Act 32 of 2000);
c) The Municipal Finance Management Act, 2003 (Act 56 of 2003);
d) The Promotion of Administrative Justice Act, 2000 (Act 3 of 2000);
e) The Promotion of Access to Information Act, 2000 (Act 2 of 2000)
f) The Property Rates Act, 2004 (Act 6 of 2004

1. PREAMBLE

a) The Enoch Mgijima Municipality recognises the need to facilitate development and empowerment of its community through ensuring that communities are able to function in a sustainable manner. It acknowledges the plight of many families who are living below the poverty line and might in most cases be unable to access or meet their basic needs. It is against this background that the municipality proactively responds to the needs and aspirations of its community through the development of this policy framework.

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b) The Indigent Policy Framework provides a basis for the provision of Free Basic Services to the indigent, and as such, enhances current indigent policies applied by municipalities. The municipality must therefore at all times strive to fulfil the constitutional objectives as contemplated in Section 152 of the Constitution and to meet the criteria for a credible indigent policy as laid down in the Credible Indigent Policy Assessment Framework, 2008, provided by the Department of Local Government.

c) The envisaged outcomes of this policy is to provide procedures and guidelines for the subsidation of service charges to indigent households in its area of jurisdiction, but also to increase the quality of life of the beneficiaries by assisting them to exit from indigence.

d) As a developmental institution, the municipality needs to commit to supporting measures that assist and empower its community. It is accepted that large sections of the community cannot exist without intervention and it is therefore the

duty of the municipality to support and to ensure that citizens are able to access their constitutional right to have access to a basic level of services.

e) The municipality must therefore at all times strive to fulfill the constitutional objectives as contemplated in Section 152 of the Constitution and to meet the criteria for a credible indigent policy as laid down in the Credible Indigent Policy Assessment Framework, 2008, provided by the Department of Local Government.

f) The successful implementation of this policy depends totally on affordability and the social analysis of the area as should be included in the municipality's IDP. With regard to affordability the foundation is laid in section 74 of the Municipal Systems Act, 2000, which stipulates that poor households must have access to basic services through tariffs that cover only the operating and maintenance costs. The municipality therefore adopts an indigent support policy which embodies an indigent support programme not only providing procedures and guidelines for the subsidisation of service charges to indigent households in its area of jurisdiction, but also to increase the quality of life of the beneficiaries by assisting them to exit from indigence.

2. PURPOSE OF THE POLICY

This policy provides a policy guiding framework for the provision , management and monitoring of free basic services to indigent members of the community of Enoch Mgijima Municipality

3. SCOPE OF APPLICABILITY

This policy applies to all members of community of Enoch Mgijima Municipality who are considered indigent in terms of the provisions of this policy

4. PRINCIPLES AND VALUES

In recognition of the abovementioned National Framework the municipality undertakes to promote the following principles:

4.1 To ensure that the Equitable Share received annually will be utilised for the benefit of the poor only and not to subsidize rates and services charges of those who can afford to pay;

4.2 To link this policy with the municipality's IDP, local economic development (LED) initiatives and poverty alleviation programmes;

4.3 To promote an integrated approach to free basic service delivery; and

4.4 To engage the community in the development and implementation of this policy;

5. POLICY OBJECTIVES

In support of the above principles the objective of this policy will be to ensure the following:

a) The provision of basic services to the community in a sustainable manner within the financial and administrative capacity of the Council;
b) The financial sustainability of free basic services through the determination of appropriate tariffs that contribute to such sustainability through cross subsidisation;
c) Establishment of a framework for the identification and management of indigent households including a socio-economic analysis and an exit strategy;
d) The provision of procedures and guidelines for the subsidisation of basic charges and the provision of free basic energy to indigent households;
e) To ensure co-operative governance with other spheres of government; and
f) To enhance the institutional and financial capacity of the municipality to implement the policy.

6. POLICY PROVISIONS

6.1 Qualification Criteria

6.1.1 Qualification criteria for indigent support shall be determined by the municipality from time to time, provided that until the municipality determines otherwise, the following criteria shall apply:

The applicant must be a resident of the municipality.

a) The applicant must be in possession of a valid South African identity document.
b) The combined or joint gross income of all occupants or dependants in a single household which receives services from the municipality may not exceed the thresholds determined by the municipality annually during consideration of the budget for the next financial year. The guideline relating to the household income threshold is an income of not less than two state pensions per month.

c) The applicant must be the owner who receives municipal services and is registered as an account holder on the municipal financial system; provided that the requirement of being registered as an account holder does not apply to households in informal settlements where no accounts are rendered nor in rural areas where no accounts are rendered.
d) Any occupant or resident of the single household referred to above may not own any property in addition to the property in respect of which indigent support is provided.
e) The account of a deceased estate may be subsidised if the surviving spouse or dependants of the deceased who occupy the property, applies for assistance.

6.2. Targeting of Indigent households

a) The effective targeting of indigent households and the implementation of this policy will depend largely on the social analysis included in the IDP, the LED initiatives and other poverty relief programmes of the municipality. The socio-economic information and performance indicators contained in these documents must form the basis for the targeting of indigent households.
b) Against the background of such socio-economic analysis, the municipality must within its financial and institutional capacity decide which targeting approach or option should be applied.
c) Depending on capacity the municipality may apply any or a combination of the following targeting methods:

Targeting approach	**Application**
1. Service levels	Lowest service levels normally in informal settlement and rural areas.
2. Service consumption	Metered services in urban and rural areas.
3. Property value	Applicable only to registered indigents in respect of subsidised or RDP housing to a value determined in addition to the R15000 in terms of the Property Rates Act, 2004.
4. Household income	Threshold determined in terms of socio-economic analysis.

5. Geographical (Zonal) targeting	within the Enoch Mgijima area.

7. EXTENT OF INDIGENT SUPPORT

7.1 General

a) The extent of the monthly indigent support granted to indigent households must be based on budgetary allocations for a particular financial year and the tariffs determined for each financial year.

b) Within the abovementioned budgetary process, and in striving to create a situation where poor households will be granted access to a full social package, the following assistance and support may be granted:

7.2 Electricity

a) Each registered indigent household shall receive electricity to a maximum of 50 kWh per month. This subsidy may also apply to registered indigent households in rural areas where the municipality is the electricity supplier while agreements with Eskom, where the latter is the supplier, may be negotiated to support such households.

7.3 Refuse removal

a) Each registered indigent household shall be fully subsidised for refuse removal as provided for in the annual budget.

7.4 Property Rates

a) Approved indigent households are fully subsidised for property rates as provided for in the municipal annual budget and subjected to the provisions of the Municipal Property Rates Act 2006.
b) Approved indigent households accounts will have the interest indicators flagged.

7.5 Transfer of properties

A. In the event of the death of the title holder of a property in an indigent household, the municipality may enter into agreements with local attorneys, the Legal Aid Board or the provincial law society for the administration of the estate and the transfer of the property into the name of the successor at the lowest possible cost. Opening of accounts outside the normal process can only be done after a period of 2 years.

7.6 Basic Energy/Alternative Energy

a) Indigent households in informal settlements where limited or no electricity is available, are provided with alternative energy sources, which currently limited to: fire gel, provided that procurement of service providers or services shall be subject to the Supply Chain Management regulations of the municipality and that the support given does not exceed amount paid for 50kwh for that particular month.

8. INDIGENT HOUSEHOLDS IN RETIREMENT CENTRES AND OLD AGE HOMES

a) Indigent consumers living in retirement centres or old age homes shall be eligible to qualify for assistance and support in terms of this policy, subject to the following rules and procedures:
b) The onus will be on the unit owner to apply to the municipality for indigent status to be granted in respect property rates and related charges.
c) The representative will submit applications to the Chief Financial Officer.
d) The FBS Co-ordinator must verify all applications and he or she must notify:
e) The unit owner whether an application was successful or not, with regard to the property rates and other related charges.
f) The Chief Financial Officer will credit the monthly municipal account :-
g) General rates and refuse charges account of the unit owner with the full amount charged.

9. ASSISTANCE PROCEDURES

9.1 Communication

a) The municipality must develop a communication strategy in terms of which communities will be informed and educated in order to have a clear understanding of this policy and its implementation.
b) Regular information dissemination and awareness campaigns must be undertaken to eliminate unrealistic expectations both in terms of qualifying for subsidy as well as service delivery in general and methods of communication may include, but will not be limited to:
    I. Ward Committees;
    II. Traditional Leaders, where applicable;
    III. Community Development Workers[CDWs]
    IV. Community Based Organisations;[NGOs]
    V. Local radio stations and newspapers;
    VI. Municipal accounts;
    VII. Imbizo's and road shows; and
    VIII. Jamborees where government and municipal officials are made available to assist residents with applications such as ID applications, pension- and social grant applications, etc.

9.2 Institutional arrangements

i. The municipality must designate existing staff or appoint officials, or engage properly Community Development Workers who have been trained in terms of the municipality's directions to assist with the implementation and development of this policy and must establish appropriate registration points in its area.

9.3 Application/Registration

a) A person applying for indigent support must complete a formal indigent support application form approved by the municipality. Such forms will be available at approved registration points provided by the municipality and shall be dealt with in terms of the Procedures Manual.

9.4 Assessment & Screening of Applicants

Upon registration of an application, all information must be verified by the FBS Co-ordinator / Indigent Steering Committee.

9.5 Recommendation

a) Once the verification has been completed the Indigent Management System must generate a recommendation based on the information captured in the database. Those applications that qualify for Indigent support in accordance with the system are going to be referred to the Indigent Steering Committee [ISC] for approval.
b) The outcome of the process must be communicated to all customers and council at large.

9.6 Right of appeal

An applicant who feels aggrieved by a decision taken in respect of his or her application may lodge an appeal to the Municipal Manager of the municipality within 10 days from the date on which the decision was communicated to the applicant.

10. PROCESS MANAGEMENT

10.1 Applications

With the exception of Property and Zonal Targeting the indigent application form should be completed in full and then captured onto the relevant indigent register and accounting system.

10.2 Validity period

The validity period of assistance will be for the duration that the applicant remains indigent. Households, in terms of the audit and review process, will be subjected to scrutiny to determine any change in status. Households may have to periodically re-apply, but this would be determined by the municipality from time to time.

10.3 Death of Registered Applicant

In the event that the approved applicant passes away the heir/s of the property must re-apply for indigent support, provided that the stipulated criteria are met.

10.4 Publication of Register of Indigent Households

Names of indigent beneficiaries must be open for public perusal and comment.

Written objections from the public must be referred to the FBS Co-ordinator who will be responsible for investigating the validity of the complaint and referral to the Indigent Committee for appropriate action.

10.5 Arrears and excess usage of allocations

a) Upon registration as an indigent household, the arrears on the account of the applicant will be kept pending for a period of at least six months after which it may be written off.
b) No interest may be calculated on the arrears.
c) If the applicant exits from the indigent support programme within the six months period in arrears will be re-introduced in the account and will be subject to the credit control and debt collection policy of the municipality;

10.6 Termination of Indigent Support

Indigent Support will be terminated under the following circumstances:

a) Upon death of the account-holder or the head of the household where no accounts are rendered.
b) At the end of the 12 months cycle.
c) Upon sale of the property in respect of which support is granted.
d) When circumstances in the indigent household have improved to the extent where the income threshold as determined is exceeded.
e) the applicant is found to have lied about his/her personal circumstances or has furnished false information regarding indigent status, in which case the following will apply:
f) All arrears will become payable immediately;
g) Stringent credit control measures will apply; and

The applicant will not be eligible to apply for indigent support for a period of 2 years.

10.7. Audit and review

a) The municipality may conduct regular audits of the indigent register with regard to the information furnished by applicants, possible changes in status, the usage of allocations and debt collection measures applied and where necessary review the status of applicants.
b) The frequency of such audits will depend on the institutional capacity of the municipality to do so. It is proposed that at least monthly targeted audits and reviews are undertaken, with a complete review scheduled annually.

10.8 Exit Programme

a) Members of households registered as indigent must be prepared to participate in exit programmes coordinated by the municipality in collaboration with other government departments and the private sector.
b) As part of its broader poverty reduction programme the municipality undertakes to provide for the participation and accommodation of indigent persons in its local economic development (LED) initiatives and in the implementation of integrated development programmes where possible.
c) The municipality must promote exit from indigence by -
    i. identifying indigents for inclusion in public works projects;
    ii. initiating local job creation projects such as cleansing operations, small infrastructure projects, etc;
    iii. facilitation of opportunities to enter the informal trade market;
    iv. facilitation of food security projects; and
    v. Liaison with National and Provincial departments to include indigent persons in their public works programmes.

10.9 MONITORING AND REPORTING

a) The Chief Financial Officer must report monthly to the Municipal Manager via the municipality's Service Delivery and Budget Implementation Plan to enable the Municipal Manager to report to Council and other interested parties. Such report shall reflect on:
    i. Number of indigent households applications received;
    ii. Amount of subsidy allocated per benefit category;
    iii. Amount of debt accumulating and debt recovery information (number of customers; enquires; default arrangements; growth or diminishing of arrear debtors; ideally divided into wards, domestic, state, institutional and other such divisions);
    iv. Performance against targets set in respect of indigent support and poverty relief and in particular with regard to the following:
        a) Number of applications for indigent support dealt with;
        b) Time taken to process and finalise applications;
        c) Site visits undertaken;
        d) Awareness initiatives; and

e) Exit initiatives.

V. Changes in the registered status of indigents.

11. CAPACITY BUILDING

(a)The municipality must ensure that all officials and councillors are appropriately capacitated in Free Basic Services in terms of the following key areas:

- Database management
- Demand and revenue management
- Policy and by-law implementation

12. EFFECTIVE DATE

The policy shall come to effect upon approval by Council.

13. POLICY ADOPTION

This policy has been considered and approved by the COUNCIL OF ENOCH MGIJIMA LOCAL MUNICIPALITY as follows:

Approval Date: 29/05/2018

_____

Acting Municipal Manager

D. van Wyk

ENOCH MGIJIMA LOCAL

MUNICIPALITY

PROPERTY RATES POLICY

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DEFINITION AND TERMS

In this Policy, any word or expression to which a meaning has been assigned in the Act bears that meaning and, unless the context otherwise indicates:

Agricultural holding means an area of land registered as an agricultural holding
***Bona fide* farmer** means the owner of a property who is taxed by the South African Revenue Services as a farmer;
Consent use means the purpose for which land may lawfully be used, and for which buildings may be erected and used only with the consent of the Council;
Council means –
(a) the Enoch Mgijima established by Provincial
(b) its successor in title; or
(c) a structure or person exercising a delegated power or carrying out an instruction, where any power in this policy has been delegated or sub-delegated, or an instruction given, as contemplated in section 59 of the Systems Act; or
(d) in respect of ownership of property, rate ability and liability for rates, a service provider fulfilling a responsibility assigned to it through a service delivery agreement in terms of section 81(2) of the Systems Act or any other law, as the case may be;
Current monthly rates means the rate levied on a property divided into monthly payments;

Financial year means any period commencing on 1 July of a calendar year and ending on 30June of the next succeeding calendar year;

Fit for purpose built used in connection with a structure, means that the structure is fit for use/habitation for purpose for which it was built;

Indigents means persons registered as indigent persons in terms of the Indigent policy

MFMA means the Local Government: Municipal Finance Management Act, 56 of 2003;

Municipal property means property owned, vested or under the control and management of the Council or its service provider in terms of any applicable legislation;

Multiple purposes means the use of the property for more than one purpose

Officer bearer in relation to places of worship means the primary person who officiates services at that place of worship

Permitted use means in relation to a property, means the limited purposes for which the property may be used in terms of -
(a) any restrictions imposed by -
(i) a condition of title;
(ii) a provision of a town planning of land use scheme; or
(iii) any legislation applicable to any specific property or properties; or
(b) any alleviation of any such restrictions;

Privately owned property means property not owned or vested in the state or an organ of state;

Public service infrastructure means public service infrastructure as defined in the Act;

R**ateable property** means property on which a municipality may in terms of Section 2 levy a rate, excluding property fully excluded from the levying of rates in terms of section 17;

Ratepayer means any owner of rate able property as well as any owner of rate able property held under sectional title, situated within the area of jurisdiction of the Council;

Ratio means the relationship between the cent amount in the rand applicable to residential properties and different non-properties

Regulation means a regulation promulgated in terms of the Act;

Residential Property means a property included in a valuation roll in terms of section 48(2)b of the Act

School" means a school as defined in the South African Schools Act 84 of 1996;

Sectional Titles Act means the Sectional Titles Act, 95 of 1986;

Sectional titles property means sectional title units as defined in the Sectional Titles Act, 95 of1986;

Service provider means a service provider contemplated in paragraph (d) of the definition of Council;

State in so far as it relates to property owned and used by the State, means property owned and used by the National Government and Provincial Government for the provision of community type services, including but not limited to police stations, hospitals and crematoria. All other property owned and used by the State will be classified in accordance with its zoning i.e. business for offices, residential for housing schemes and police flats etc;

State social security grant means any social assistance granted in terms of the Social Assistance Act 59 of 1992;

Structures Act means the Local Government: Municipal Structures Act, 117 of 1998;

Systems Act means the Local Government: Municipal Systems Act, 32 of 2000;

Technical and other colleges means a public college and a private college as contemplated in the Further Education and Training Colleges Act, 16 of 2006;

The Act means the Local Government: Municipal Property Rates Act 6 of 2004;

Threshold means the reduction, as contemplated in section 15 of the Act, of residential property;

Town Planning Scheme" means – a town planning scheme, which is in operation as contemplated in the Town Planning and Townships Ordinance 25 of 1965 and the

Town Planning and Townships Ordinance 15 of 1986;and any scheme or document which in terms of any applicable legislation is legally in operation and records or sets out, by means of maps, schedules or any other document, the development rights specifying the purpose for which land may lawfully be used or any buildings may be erected, or both;

University means any university and technikon as defined in section 1 of the Higher Education Act 101 of 1997;

Zoning means the purpose for which land may lawfully be used or for which buildings may be erected or used, or both, as contained in any applicable Town Planning Scheme and "zoned" has corresponding meaning.

(2) Any word or expression –

(a) imparting any gender or the neuter includes both genders and the neuter, or

(b) imparting the singular only also includes the plural and vice versa, unless the context

otherwise indicates.

LEGISLATIVE FRAMEWORK

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a. Local Government: Municipal Systems Act, 2000 (Act 32 of 2000)
b. Local Government: Municipal Finance Act, 2003 (Act 56 of 2003
c. Local Government: Municipal Property Rates Act (Act 6 of 2004).
d. Children's Amendment Act, 41 of 2007.
e. Social Services Act. 1992 (Act No. 59 of 1992)
f. Disaster Management Act (57 of 2002);
g. Income Tax Act, 1962 (Act No. 58 of 1962)
h. Provision of Land and Assistance Act, 1993 (Act No. 126 of 1993);

FFFFF

1. PREAMBLE

GGGGG Section 229 of the Constitution of the Republic of South Africa empowers municipalities to levy property rates, subject to national legislation; section 2 of the Local Government: Municipal Property Rates Act No. 6 of 2004 is the national legislation that empowers a municipality to levy a rate on property in its area; The Local Government

Municipal Property Rates Act (Act no 6 of 2004) requires a municipality to develop and adopt a rates policy consistent with the Act on the levying of rates on rateable property in the Municipality.

HHHHH

Property rates are the most reliable source of revenue for the Municipality. Services financed from rates include installation and maintenance of streets, roads, sidewalks, street lighting, and storm water drainage facilities, building and operating clinics, parks, recreational facilities and cemeteries. Property rates revenue is also used to fund municipal administration such as computer equipment, stationery, and costs of Governance, such as Council and community meetings, which facilitate community participation on issues of Integrated Development Plans (IDPs) and municipal budgets.

2. PURPOSE

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JJJJJ The purpose of this policy is to regulate and customize the provisions of the section 3 and 6 of the Local Government Municipal Property Rates Act.

3. SCOPE OF APPLICABILITY

This policy applies to all the rate payers in the Enoch Mgijima Municipality

4. PRINCIPLES AND VALUES

4.1 ***EQUITY*****:** All Rate Payers with similar properties shall be treated in a similar way.

4.2 ***AFFORDABILITY:*** The ability of a person to pay rates shall be taken into consideration. Consequently, Municipality shall provide relief in the form of Reduction, Rebate and Exemptions. The rating of property will be implemented impartially, fairly, equitably and without bias, and these principles also apply to the setting of criteria for exemptions, reductions, and rebates contemplated in Section 15 of the MPRA.The rating of property will be implemented in a way that -

(a) is developmentally oriented;

(b) supports sustainable local government by providing a stable and buoyant revenue source within the discretionary control of the Municipality;

(c) supports local and socio-economic development;

(d) promotes simplicity, uniformity, and certainty in the property rates assessment process;

(e) gives due consideration to the need for simple and practical process of billing and collection of property rates;

(f) promotes sustainable land management, especially that which reduces the risk from natural disasters; and

(g) achieves national and local environmental management objectives

5. POLICY OBJECTIVES

a) Ensure that all owners of rateable property are informed about their liability to pay assessment rates;
b) Determine the methodology and to prescribe procedures for the implementation of the Act;
c) Determine criteria to be applied for the levying of differential rates for different categories of properties;
d) Determine or provide criteria for the determination of categories of properties and categories of owners of properties;
e) Determine criteria to be applied for granting exemptions, rebates and reductions;
f) Determine how the municipality's powers must be exercised in relation to multiple use properties;
g) Determine measures to promote local economic and social development; and
h) Identify which categories of properties the municipality has elected not to rate as provided for in section 7 of the Act.
i) Specify relief measures for ratepayers who may qualify for relief or partial relief in respect of the payment of rates through exemptions, reductions and rebates contemplated in paragraph 8 of this policy;
j) Set out the criteria to be applied by the Council if it increases rates and levies differential rates on different categories of property;

6. POLICY PROVISIONS

6.1 CATEGORIES OF PROPERTY FOR LEVYNG OF DIFFERENTIAL RATES

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(1) The Council shall levy different rates for different categories of rateable property in terms of section 8 of the Act. All rateable property will be classified in a category and will be rated based on the category of the property from the valuation roll which is based on the primary permitted use of the property, unless otherwise

stated. For purposes of levying differential rates in terms of section 8, the following categories of property are determined in terms of sections 3(3)(b) and 3(3)(c) of the Act:

(2) The categories are as follows:

(a) Business and Commercial
(b) Sectional Title Business
(c) Sectional Title Residential
(e) Residential Property
(f) Residential with consent use
(g) Municipal
(h) State
(i) Farming
(j) Public Service Infrastructure
(k) Agricultural Business
(l) Agricultural Residential
(n) Vacant Land
(p) Education
(q) Religious
(r) Public Service Infrastructure-Private
(s) Private open space
(t) Public Benefit
(u) Multipurpose Residential
(v) Multipurpose Business
(w) Illegal use

7. CLARIFICATION OF CATEGORIES OF PROPERTY

7.1 Business and Commercial

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Property in this category shall include:
(i) Property zoned for business, commercial or industrial purposes;
(ii) Property used for game farming and / or eco–tourism;
(iii) Property used as a race course for any racing in connection with which betting is carried on by means of a totalizator or otherwise;
(iv) Property zoned private open space used for recreational or sporting facilities.

(v) Property zoned general, special, undetermined, amusement and zoning unresolved which is used for business and commercial or industrial purposes, unless such property is used for residential purposes in which case the residential rate will be applied. The residential property value reductions and rebates will be applicable to such properties used for residential purposes. The property owner should apply at Rates and
Taxes department and the category will be applicable from the date of application.
(vi) Properties zoned cemetery, parking;
(vii) Property for which a business or commercial consent use has been granted by the
Council;
(viii) Property zoned public open space used for recreational or sporting facilities.

7.2 Sectional Title Business

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Property in this category includes:
(i) Sectional Title properties that are zoned for business or have businesses operating there from;

(ii) Where a property not zoned residential has been developed and is used exclusively as residential, the residential tariff will be applicable. The property owner must submit a
declaration as to the purpose for which the property is being used, so that it can be rated accordingly. The residential property value reductions and rebates will be applicable to such property;

(iii) Where a property is used for residential purposes, notwithstanding that it is zoned for any other purpose, the owner of such property may apply to the Council in writing for
the levying of residential rates. The Council has the right to call for documentary evidence and/or conduct a physical inspection of the property. Where the actual usage is primarily residential, the residential rates and property value reductions and rebates
will apply to such property. The changes that will be done on the billing system they will
be effective from date of application.

7.3 Sectional Title Residential

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This category includes sectional title properties, zoned residential and used solely for residential purposes.

7.4 Residential Property

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This category includes:

(i) Property zoned and used for residential purposes but excluding any property zoned

business or commercial with a residential component or property zoned residential with a business or commercial consent use.

7.5 Residential with consent Use

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(i) Any property zoned for residential purposes in respect of which a consent use has been granted for any business, commercial or industrial purpose shall be categorized as

residential with consent use;

(ii) Consent use granted on any property other than that referred to in (i) above, will result in that property being categorized at the rate applicable to the purpose for which the consent has been granted;

(iii) If consent use lapses, falls away by the effusion of time, is withdrawn or ceases to be applicable for any other reason, the owner of the property concerned may apply to the Council for the re-instatement of the residential rate. If approved, the residential rate shall be re-instated as from the date that the Council is satisfied that the property is being used for residential purposes only in terms of the zoning thereof;

(iv) Where a residential property with a market value less than that specified in the threshold is partially used for non-residential consent purposes, such property will remain in the category of residential.

7.6 Municipal

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The Council has the discretion not to rate these properties in terms of section 7(2)(a)(i).

7.7 State

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(i) Property owned by the National and Provincial Government is rateable and will be categorized according to the zoning of the property;

(ii) If property owned by the National and Provincial Government has a zoning which permits the provision of residential accommodation, the property will be classified as "residential" and the residential rate will be applicable upon presentation of a Certificate of Occupancy;

(iii) Only if the property owned by the National and Provincial Government is used for the provision of community-type services, will it be categorized as "State" in which case the rate for State owned property will be applicable.

7.8 Farming

(i) Property in this category shall limited to property zoned as agricultural/farming and used predominantly for *bona fide* farming purposes. It is a requirement that the produce of the property form the principal source of income of the property owner. This category excludes property used for purposes of eco-tourism, game farms or equestrian estates and the production of non-edible farm produce.

(ii) Agricultural/farming property not predominantly used for *bona fide* farming purposes, shall be rated according to the category of the actual use thereof.

7.9 Public Service Infrastructure

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Property falling within this category shall be rated at a rate determined by applying the prevailing ratio as prescribed by Regulation. This will also include properties owned by the National Government and the Provincial Government that are zoned:

(1) Properties zoned cemetery, community facility, parking, pedestrian mall, proposed new roads and widening, existing public roads reservoir, and sewage farms.

(2) Any property not falling within the ambit of subparagraph (1) used for anything other than public service infrastructure shall be deemed to be business and commercial for the purposes of levying a rate.

7.10 Agricultural Business

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Agricultural holdings from which a business or commercial activity is undertaken shall be rated according to the business and commercial rate unless the owner can prove that he/she is a *bona fide* farmer.

7.11 Agricultural Other

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(i) This category consists of agricultural holdings that are not used for residential or business (for example, nursery) purposes.

(ii) Agricultural holdings where an industrial or horticultural activity is undertaken shall be rated according to the business and commercial rate unless the owner can prove that he/she is a*bona fide* farmer.

7.12 Vacant Land

This category shall include the following:

i. Land without a zoning, zoning unresolved, deproclaimed mining land and any undeveloped land/ erf within a proclaimed township or within a land development area contemplated in the Development Facilitation Act, 67 of 1995 not transferred by a developer.

ii. Land in this category shall not benefit from any exemption, reduction or rebate. Property will continue to be rated as vacant until such time as the Council issues a Certificate of Occupancy.

iii. The tariff applicable to vacant land will take precedence over the tariff applicable to the property category where such land is vacant.

iv. The rate applicable to vacant land will take precedence over the rate applicable to the category in which the property would have fallen had it not been vacant land.

7.13 Education

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i. This category refers to property owned by educational institutions or zoned institutional that are registered with the South African Revenue Services in terms of Section 30 of the Income Tax Act 58 of 1962 that provide education and development services as contemplated in Item 4 of the Ninth Schedule to that Act.

7.14 Religious

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i. This category refers to property zoned religious or ecclesiastic registered in the name of and used primarily as a place of public worship by a religious community, including an official residence registered in the name of that community which is occupied by an office–bearer of that community who officiates at services at that place of worship.

7.15 Private Service Infrastructure-Private

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Property falling within this category shall be rated at the rate applicable to Public Service Infrastructure. This includes:

I. Privately owned land comprising a developed internal roadway network and access control that cannot be separately sold within a complex.

II. Storm-water control measures within a complex.

7.16 Private Open Space

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a) Private open spaces include recreational, sporting facilities. Property in this category shall be rated at the tariff applicable to public service infrastructure provided that:

i. The property is used 80% for sports activities;

ii. The Club is actively and it must prove to the Enoch Mgijima Municipality that it is involved in sports development programmes for previously disadvantaged communities;

iii. The organization is registered with SARS and an association without gain;

iv. The organization provides to the municipality 3 years audited financial statements and can prove to the Enoch Mgijima Municipality a that it is not in the financial position to pay the full rates;

v. This category of property does not qualify for 30% value reduction

7.17 Public Benefit

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Property in this category shall be rated according to the prevailing nationally promulgated rates ratio based on usage of property subject to:

a) The Public benefit organization shall apply to the municipality to be recognized as such.
b) The Public benefit organization providing the municipality with 3 years audited financial
c) statements and can prove to the Enoch Mgijima that it is not in the financial position to pay the full rates.
d) A public benefit organization is required to provide a specified public benefit service as set out in terms of Section 30 of the Income Tax Act. Notwithstanding the provisions of subparagraph (1), property which is used in conflict to its zoning will be rated at the tariff applicable to business and commercial.
e) Any property not falling within the ambit of subparagraph (1) shall be deemed to be business and commercial for the purposes of levying a rate.

7.18 Multipurpose Residential

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(i) This category comprises properties with multiple zonings, one of which is residential.

(ii) Where the property is actually used predominantly (i.e. 51% or more of the area of the building) for residential purposes, the entire property will be rated according to the

residential rate but will not attract any residential rebates.

(iii) To qualify for the residential rate the owner must submit a declaration duly certified as correct by a registered town planner that the property is being used predominantly for residential purposes as envisaged in (ii) above.

(iv) If the dominant use is not residential but some other permitted use, the rate applicable to the predominant use will apply.

7.19 Multipurpose Business

BBBBBB

Where a property's zoning allows for more than one permitted use and where the use of the property is used dominantly (fifty plus one percent) for business and commercial purposes the entire property will be rated in accordance with the business rate.

(i) This category comprises property with multiple zonings, one of which is business/commercial purposes.

(ii) Where the property is actually used predominantly (i.e. 51% or more of the area of the building) for business/commercial purposes, the entire property will be rated in accordance with the business residential rate.

(iii) If the dominant use is not business/commercial but some other permitted use, the rate applicable to the predominant use will apply.

7.20 Illegal use

CCCCCC

(i) This category comprises all properties that are used for a purpose (land use) not permitted by the zoning thereof in terms of any applicable Town Planning Scheme or Land Use Scheme; abandoned properties and properties used in contravention of any of the Council's By-laws and regulations, which include the National Building Regulations and Building Standards Act, 103 of 1977, and any Regulations made in terms thereof.

(ii) The rate applicable to this category is at ratio of four. The municipality reserves the right to increase this penalty tariff higher than other tariffs.

8. CATEGORIES AND CONDITIONS OF OWNERSHIP FOR PURPOSES OF EXEMPTIONS

8.1 Reductions and rebates

The municipality will not levy a rate on the first part of the value up to R200 000 of the market value as per the Valuation Roll:

a) on the first R15 000 on the basis set out in section 17(1)(h) of the MPRA; and
b) on the balance of the market value up to R185 000 in terms of section 15 of the

Act in respect of residential properties, provided that the Council may from time to time during its annual budget process contemplated in section 12 (2) of the Act determine, as threshold, the amount to be deducted from the market value of residential properties, as a result of which rates will only be determined on the balance of the market value of such properties after deduction of the threshold amount.

8.2 Indigents

This category consists of residential properties owned and occupied by natural persons who have limited income and who are not pensioners, but can show that his or her annual income falls below the limit determined by Council. The conditions are as follows:

(i) The owners must own and occupy the property concerned.

(ii) The owners must achieve a score on the Enoch Mgijima Poverty Index as specified below.

a) The value of the property may not exceed R450 000.
b) (d) The extent of the rebate will depend on the applicant's score on the Enoch Mgijima Poverty Index:
    i. Greater than zero but not exceeding 34 points: 70% of the current monthly rate;
    ii. Greater than 35 points: 100% of the current monthly rate.

8.3 Owners dependent on social assistance

This category consists of residential properties owned and occupied by persons who are dependent on social assistance in terms of the Social Assistance Act, 59 of 1992, as their sole source of income. The conditions are as follows:

(i) The owners must own and occupy the property concerned;

(ii) The owners must achieve a score on the Enoch Mgijima Poverty Index

(iii) The value of the property may not exceed R450 0000.

8.4 Owners dependent on pensions

This category consists of residential properties owned and occupied by pensioners who are not persons contemplated in paragraph (8.2) above. The conditions for this rebate are as follows:

(i) The owner must have reached the age of 60 years;

(ii) The owner must own and occupy the property;

(iii) The value of the property may not exceed R2 000 000;

(iv) This category also applies to property owners who have become pensioners due to injury;

(v) An owner of a property in this category, must apply for the Council's approval of a rebate on a form prescribed by the Council, accompanied by his/her most recent income tax assessment issued by the South African Revenue Service or other proof of income acceptable to the Council;

(vi) A rebate shall be granted for a maximum duration of the Valuation roll provided that:

a) it shall be necessary to reapply if the status of the beneficiary changes within the period; and
b) the beneficiary shall notify the Council in writing of any event that causes a change in his financial status that may affect the granting of the rebate.
c) No retrospective rebates will be granted.
d) Application shall be made prior to the expiry of the validity period of any existing rebate.
e) A new application must be made after a beneficiary has reached the age of sixty years.

The rebate shall be as follows:

(i) If a pensioner receives a National Security Grant, he/she qualifies for a 100% rebate.

(ii) If a pensioner, age 70 and above, he/she qualifies for a 100%, irrespective of income.

(iii) If a pensioner has a gross monthly income below R7, 850, he/she qualifies for a 100% rebate, provided the pensioner is at least 60 years of age.

(iv) If a pensioner has a gross monthly income above R7,851 but less than R13 457, he/she qualifies for a 50% rebate, provided the pensioner is at least 60 years of age.

8.5 Owners dependent on pensions due injury on duty

This category consists of residential properties owned and occupied by person who has become a pensioner because of injury on duty. The conditions for this rebate are as follows:

(i) The owner must have been injured on duty serving in the following services

a. South African National Defence Force

b. South African Policy Service

c. Emergency services

(ii) The owner must own and occupy the property;

(iii) The value of the property may not exceed R2 000 000;

(iv) An owner of a property in this category must apply for the Council's approval of a rebate on a form prescribed by the Council, accompanied by the following documents:

(a) Confirmation from the employer that he or she was injured on duty and due to the injuries he or she can no longer serve in any capacity;

(b) Medical records that confirms the injuries;

(c) Proof of current income.

A rebate shall be granted for a maximum duration of the Valuation roll provided that:

i. It shall be necessary to reapply if the status of the beneficiary changes within the period;
ii. the beneficiary shall notify the Council in writing of any event that causes a change in his financial status that may affect the granting of the rebate;
iii. No retrospective rebates will be granted.
iv. Application shall be made prior to the expiry of the validity period of any existing rebate.

A new application must be made after a beneficiary has reached the age of sixty years. The rebate shall be as follows:

a) If a pensioner receives a National Security Grant, he/she qualifies for 100%
b) rebate.
c) If a pensioner, age 70 and above, he/she qualifies for a 100%, irrespective of income.
d) If a pensioner has a gross monthly income below R7, 850, he/she qualifies for a 100% rebate, provided the pensioner is at least 60 years of age.
e) If a pensioner has a gross monthly income above R7, 851 but less than
f) R13, 457, he/she qualifies for a 50% rebate, provided the pensioner is at least 60 years of age.

8.6 Persons temporarily without income

(a) This category comprises residential properties owned and occupied by natural persons temporarily without income as contemplated in section 15(2)(c) of the Act.
(b) The conditions applicable to this category are as follows:
(i) The owner must apply every six month for the Council's approval for a rebate on a form prescribed by the Council, accompanied by such proof as the Council may reasonably require to substantiate any entitlement to a rebate contemplated in this category;
(ii) The rebate contemplated shall be granted on a monthly basis and shall be subject to such limitations as the Council may determine from time to time.

8.7 Heritage properties

This category comprises property:
(i) Declared as heritage sites in terms of Section 27 of the National Heritage Resources Act, 25 of 1999;
(ii) Designated as protected areas in terms of section 28 of the National Heritage Resources Act; and
(iii) Designated as heritage areas in terms of section 31 of the National Heritage Resources Act;

The conditions relating to this category are:

(i) Application for a rebate must be made annually on a form prescribed by the Council.
(ii) The rebate contemplated in this category shall be subject to any limitations that may be placed on financial incentives for the conservation of heritage resources in terms of section 43 of the National Heritage Resources Act;
(c) The rebate shall be a maximum of 20% of the current monthly rates.

8.8 Residential sectional title properties

This category shall comprise all residential sectional title properties.

I. A rebate of 5% of the current monthly rates will be applied.

8.9 Protection of animals

This category shall comprise property registered in the name of any institution or organization which has as its exclusive objective the protection of animals.

I. A maximum of 100% of the current monthly rates will apply.

8.10 High density residential development

The category shall consist of properties on which a high density residential development (including sectional title units) is undertaken.

I. The property must be developed at a density (determined by the Council).
II. The rebate is 5% of the current monthly rates.

8.11 Disaster areas

The category consists of property situated within an area affected by a disaster within the meaning of the Disaster Management Act 57 of 2002; The applicable requirements are as follows:

I. The owner of the property must apply to the Council for a rebate on a prescribed form, accompanied by such proof as the Council may reasonably require to substantiate the application; and
II. The rebate shall be subject to such duration and limitations as the Council may determine in relation to a specific disaster or event.
III. The rebate shall be a maximum of 100% of the current monthly rates.

8.12 Vacant land

This category comprises land outside the urban development boundary which is vacant.The applicable requirements are:

a. The owner of the property must apply in writing to the Council for a rebate.
b. The rebate is only available if the property could not be developed as a result of the unavailability of bulk infrastructure and/or bulk services for the duration of the Council's ensuing financial year.
c. A letter to this effect from the Infrastrucre Planning, or its delegate, must accompany the application
d. The rebate is a maximum of 50% of the current monthly rates.

8.13 Housing development schemes for retired persons

This category consists of properties owned by juristic persons that fall under the Housing Development Schemes for Retired Persons Act, 65 of 1988, as amended.

(i) It is required that the owner of property shall pass on the benefit of the rates rebate to the registered holder/s of a right of occupation in the Scheme.
(ii) If the owner fails to pass the benefit of the rates rebate on to the registered holder/s, the Council may apply the full rating with retrospective effect to the date of commencement of the rebate.
(iii) The rebate shall be a maximum of 50% of the current monthly rates.

8.14 Registered social landlords

The category comprises properties owned by individuals or entities designated as Registered Social Landlords under the Registered Social Landlord Policy of the municipality. The requirements are as follows: The property must comply with the conditions contained in the Act. The rebate is as follows:
(i) 40% of the current monthly rates where the property is zoned for commercial use and is rated accordingly.
(ii) If a Public Benefit Organization, registered as a non-profit organization in terms of Section 30 of the Income Tax Act, provides services on a property which meet the requirements of welfare and humanitarian services as defined in the Schedule of the Act and is designated as a registered social landlord, the rate applicable to a Public Benefit
Organization shall apply.

8.15 Child headed households

This category comprises properties owned as specified below, which are occupied by a household headed by a minor. The requirements are as follows:
(i) The property is worth not more than R2, 000 000.00;
(ii) The property must be owned by a terminally ill parent or the child or deceased estate of the parent;
(iii) The terminally ill parent or his or her children must annually apply for the rebate. The application must be accompanied by:

a) confirmation from the Social worker appointed by Council that has investigated the minors of the household and found that the permanent occupants are minors and the household is headed by a minor;

If the parent is deceased,

a. a copy of the Letter of Executorships of administration of the deceased estate;

b. a copy of the liquidation and distribution account showing transfer of the property to the minor;
c. the death certificate of the parent;
d. birth certificates of all minors residing on the property.

The rebate will lapse:

a) When the child head of the household reaches the age of majority;
b) on alienation of the property;
c) When the child head of the household ceases to reside permanently on the property;
d) When the Department of Social Development no longer regards the household as being child headed; or
e) When applications are not submitted annually (late applications may be reinstated with effect from the next practical billing cycle).
f) The applicable rate shall be a maximum of 100% of the current monthly rates.

8.16 New building Incentive

The rebate will apply to new building developments that would take place within the municipality. The development must be in line with the development requirements set out by the Municipality. The rebate will be applied as follows.

a. The property owner will pay a quarter of the rate as per the category of land for a
period not exceeding two years during the construction phase.
b. The property owner will pay half the rate on the first year of operation as per the category of land.
c. The property owner will pay full rates as per the category of property from the second year of operation onwards.
d. The developer must apply to Council for this rebate.
e. Cumulative rebates shall not exceed 100%.
f. The Council may, notwithstanding any rebate granted, resolve that all rateable property, including properties in respect of which 100% rebates are granted, shall be subject to the payment of such minimum property rate as the Council may determine.

9. SPECIAL RATING AREAS

(1) On receipt of an appropriate application the Council may by resolution determine an area within the municipality as a special rating area in terms of Section 22 of the Act, subject to such conditions as it may deem necessary, and levy an additional rate on property in that area for the purpose of raising funds for improving or upgrading that area.
(2) The determination of a special rating area must be consistent with the objectives of the integrated development plan of the Council.

10. LIABILITY FOR RATES

(1) A property rate is a debt in respect of taxation in terms of section 11 of the Prescription Act, 68 of 1969, and the Council can recover rates in arrear for a period of up to 30 years.
(2) On the basis that rates constitute taxation, there is no specific counter-performance due by the Council in exchange for the receipt of the rates.
(3) Rates -

a) which are recovered by the Council on an annual or a monthly basis, are payable on or before the due date stipulated in the account sent to the ratepayer.
b) are payable in full on or before the due date and interest will be charged on rates that are in arrears.
c) A ratepayer remains liable for the payment of the rates whether or not an account
d) has been received and if an account has not been received, the onus shall be on
e) the ratepayer concerned to establish the amount due for the rates and to pay that
f) amount to the Council.
g) Liability for, and payment of, rates is governed by the Act and the Credit Control and Debt Collection By-Laws and Policy.
h) In the case of joint ownership of property, all the property owners are jointly and severally liable for the payment of rates and any interest charges thereon.
i) In respect of property that has been let by a ratepayer, the Council may recover unpaid rates from the tenant to the extent of any unpaid rental due to the ratepayer.

j) The Council may recover unpaid rates from the agent of the ratepayer but only to the extent of the rental in respect of the property concerned received by the agent, less any commission due to the agent by the ratepayer.

k) A ratepayer that wishes to dispose of a property must comply with the provisions of section 118 of the Systems Act, which requires an advance payment of an amount to cover, inter alia, the rates due before a certificate as contemplated in the said section is issued, such payment to be calculated to cover a lead time as specified in the Systems Act

l) A rate levied by the Council on a sectional title unit is payable by the owner of the unit.

11. DEALING WITH APPLICATIONS

The Council must consider every application in terms of this Policy within a reasonable time and may approve the application, subject to such conditions as the Council may deem appropriate under the circumstances, or refuse it.

The policy shall come to effect upon approval by Council.

12. POLICY ADOPTION

This policy has been considered and approved by the COUNCIL OF ENOCH MGIJIMA LOCAL MUNICIPALITY as follows:

Approval Date: 29/05/2018

_____

Acting Municipal Manager

D. van Wyk

ENOCH MGIJIMA MUNICIPALITY

CASH MANAGEMENT AND INVESTMENT POLICY

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LEGISLATIVE FRAMEWORK

a) Local Government Municipal Systems Act 32 of 2000 (See number 1 of Annexure

b) Local Government Municipal Finance Management Act No. 56 of 2003

c) Municipal Investment Regulations (Government Gazette No. 26945 dated 29 October 2004) which is applicable to all Municipalities and Municipal Entities and is effective from 1 March 2005

d) Treasury regulations in terms of Section 13(1) of the Act (As amended)

e) Municipal Investment Regulations (Government Gazette no: 27431 dated 1 April2005),

f) _ SALGA and IMFO: Local Government Financial Best Practice Manual

g) Generally Accepted Municipal Accounting Practice

1. PREAMBLE

In terms of MFMA section 13(2) each municipal council and governing body shall adopt by resolution an investment policy regarding the investment of its monies not immediately required. The investment of funds policy is intended to ensure that the amount of cash is invested and there is minimum surplus retained in the bank account of the municipality. The policy is designed to maintain both short and long term viability and sustainability of the municipality. In an effort to ensure the prudent management of public funds, the availability of operating and capital funds, and an investment return competitive comparable funds and financial indices, this policy provides framework for all cash and investment control management systems. The envisaged outcomes of this policy are to derive competitive financial returns, based on prudent financial and portfolio management principles.

2. PURPOSE

The purpose of this policy is to establish investment guidelines for the Enoch Mgijima Municipality. This policy is intended to meet the requirements of the Municipal Finance Management Act (MFMA) and to be consistent with the 'Municipal Investment Regulations' issued by National Treasury.

3. SCOPE OF APPLICABILITY

This policy is applicable to all available cash for the Enoch Mgijima Municipality. All investments made by or for the Enoch Mgijima Municipality must be made in conformance with this policy.

4. POLICY OBJECTIVES

a. Ensuring that cash resources are managed efficiently and effectively,

b. Ensuring that investments are placed with reputable institutions, for the purpose of safety of capital investment, and diversification of the Investment Portfolio,

c. Ensuring that adequate liquidity is maintained at all times, for management of cashflows,

d. Ensuring that the municipality receives optimal yield / interest on its investments with financial institutions, at minimal risk,

e. Striving for reasonable growth on capital investments in addition to interest earned on investments,

f. Ensuring that monies due to Council are collected and banked appropriately as soon as they are received, and

g. Ensuring that payments to creditors are made by the due dates.

5. POLICY PROVISIONS

5.1 Effective Cash Management

5.1.1 Cash Collection

a) All monies due to the municipality must be collected as soon as possible, either on or immediately after due date, and banked on a daily basis.
b) The respective responsibilities of the chief financial officer and other heads of departments in this regard are defined in the MFMA roles of Senior Management.
c) The unremitting support of and commitment to the municipality's credit control policy, both by the council and the municipality's officials, is an integral part of proper cash collections, and by approving the present policy the council pledges itself to such support and commitment.

5.2 Payments of Creditors

a) The chief financial officer shall endeavour to ensure that all tenders and quotations invited by and contracts entered into by the municipality stipulate payment terms favourable to the municipality (not more than 30 days), that is,

payment to fall due not sooner than the conclusion of the month following the month in which a particular service is rendered to or goods are received by the municipality.

b) This rule shall be departed from only where there are financial incentives for the municipality to effect earlier payment, and any such departure shall be approved by the chief financial officer before any payment is made.

c) In case of small, micro and medium enterprises, where such a policy may cause financial hardship to the contractor, payment may be effected at the conclusion of the month during which the service is rendered or within 14 days of the date of such service being rendered, whichever is the later. Any such early payment shall be approved by the chief financial officer before any payment is made.

d) Wherever possible, payments shall be effected by means of electronic transfers rather than by cheques. Special payments to creditors shall only be made with the express approval of the chief financial officer, who shall be satisfied that there are compelling reasons for making such payments prior to the normal month end processing.

5.3 Cash Flow Management

a) The Chief Financial Officer shall monitor cash flows on a daily basis to ensure that council is able to meet its financial commitments and that the operating bank account does not carry unduly high balances. Any surplus funds shall be transferred on a daily basis to a call account attracting the highest possible interest provided that those funds can be retrieved at short notice.

b) The chief financial officer shall prepare an annual estimate of the municipality's cash flows divided into calendar months, and shall update this estimate on a quarterly basis. The estimate shall indicate when and for what periods and amounts surplus revenues may be invested, when and for what amounts investments will have to be liquidated, and when – if applicable - either long-term or short-term debt must be incurred.

c) The chief financial officer shall report to Committees of Council, as the case may be, on a quarterly basis the cash flow estimate or revised estimate for such quarter or reporting period respectively, together with the actual cash flows for the quarter or period concerned, and cumulatively to date, as well as the estimates or revised estimates of the cash flows for the remaining months of the financial year, aggregated into quarters where appropriate.

d) The cash flow estimates shall be divided into calendar months, and in reporting the chief financial officer shall provide comments or explanations in regard to any significant cash flow deviation in any calendar month forming part of such report. Such report shall also indicate any movements in respect of the municipality's investments, together with appropriate details of the investments concerned

5.4 Unresolved Reconciling Items

a) Unidentified bank deposits must be adequately followed up. After a period of 6 (six) months where no claims are made or the origin of the payment is still unknown / unidentified, the amount will be journalised as current year revenue.
b) Cheques older than 6 months (stale) must be re-issued subsequent to follow up. Should the new cheque to the same supplier become stale, the amount will be reversed against the expenditure account.

6. INVESTMENT ETHICS, PRINCIPLES AND PROCEDURES

6.1 Investment Ethics and Principles

6.1.1 The Chief Financial Officer shall be responsible for managing municipal investments,

6.1.2 No improper outside influence or internal interference will be permitted at any time in regard to management of cash and placing of investments

6.1.3 Quotations for call and/or fixed deposits from the approved financial institutions (a minimum of three) will be obtained at the time of contemplating an investment,

6.1.4 Financial institutions will be required to submit confirmation certificates upon the placement of investments, which will include a declaration that no commission was paid relating to the investment,

6.1.5 The Chief Financial Officer shall maintain a detailed investment register,

6.1.6 The Chief Financial Officer shall hold in safe custody all investment certificates and other related documents, for audit purposes and proper record keeping,

6.1.7 Investments made must be in the name of Enoch Mgijima(S12 of the Municipal Regulations

6.1.8 No funds will be borrowed for the purpose of investments (S12 of the Municipal Investment Regulations),

6.1.9 The Chief Financial Officer shall ensure that interest and capital is received and receipted when due,

6.1.10 Any risk arising from any investment transaction rest with the municipality (S12 of the Municipal Investment Regulations).

6.1.11 The Chief Financial Officer must ensure that municipal investments are placed equitable amongst the approved financial institutions. Investment limits must be determined as stipulated in Paragraph 11 of this policy, and no more than 25% of municipal investments can be placed with one institution

6.2 Investment Procedure

a) The selection of an investee for any investment shall be a competitive process. Where applicable, quotations shall be invited telephonically from at least three eligible investees for the terms for which the investment is to be placed. In the event of one of the investees offering a more beneficial rate for an alternative term, the other investees initially invited to quote should be approached for their rates on the alternative term.
b) Quotations shall be recorded in writing and the recommended investee identified for signed approval by the authorised officials. As a general rule, the best rate offered shall secure the investment. Written confirmation of the terms

of the investment shall be prepared and exchanged with the investee in all cases.

c) Investments shall be made electronically by EFT. Strict segregation of duties shall be maintained between the creator of a payment file and the payment authoriser/releaser.
d) Investment EFT payments shall be authorised/released by the delegated officials that are mandated to transfer municipal funds.

7. ESTABLISHMENT OF AN INVESTMENT PANEL

The Accounting Officer is responsible for establishing an “Investment Panel” which will be responsible for all investment related matters of the municipality, including decisions for placing investments, setting investment limits, signing investment cheques, signing investment correspondence, revision of Cash Management and Investment Policy, etc.

The Budget and Treasury officials will serve as members of the investment panel: -

7.1 Chief Financial Officer or his delegate

7.2 At least one First Level Manager who shall not be the CFO’s delegate at that point in time,

7.3 The panel will be responsible to consider the quotation and inform the recommended investee by the Chief Financial Officer in writing.

8. ACCOUNTING TREATMENT OF INTEREST EARNED ON INVESTMENTS

The interest accrued on all municipal investments shall, in compliance with the requirements of generally recognized accounting, be recorded in the first instance in the municipality’s operating account as ordinary operating revenues, and may thereafter be appropriated to the fund or account in respect of which such investment was made depending on the conditions which apply to the fund or account.

8.1 Investment reporting

a) Regular reporting mechanisms shall be in place in order to assess the performance of the investment portfolio and to ensure that the investments comply with policy objectives, guidelines, applicable laws and regulations

8.2 Internal Budget and Treasury management

8.2.1 A daily summary of current investments by investee, actual against limits.

8.2.2 A detailed schedule of investment capital and interest maturing on the current day.

8.2.3 A daily summarised schedule of future maturities for all investments.

8.2.4 A monthly reconciliation of all interest accrued with interest actually received.

8.3 For the political leadership

8.3.1 A monthly report on the investment portfolio, to be submitted to the Mayor and Finance Committee as part of section 71 reporting within ten working days of each month, detailing:

(a) the market value of each investment as at the beginning of the reporting;

(b) any changes in the investment portfolio during the reporting period;

(c) the market value of each investment at the end of the reporting period; and

(d) fully accrued interest and yield for the reporting period.

o A quarterly report to Council, in accordance with section 11.4.(a) of the Act, within 30 days after the end of each quarter, on the quarter's cash withdrawals from the Municipals bank account for investment purposes.'

8.4 For external parties

8.3.1 Notification to the Auditor-General, within 30 days after the end of the financial year, by all investees of any investment held by the Municipality City during that year.

8.3.2 Notification to the Auditor-General and the Provincial Treasury, within 90 days,

of the name, type and number of any new bank account opened by the Municipality

9 ANNUAL REVIEW OF POLICY

9.1 This policy on investments will be reviewed annually or earlier if so required by legislation.

9.2 Any changes to the investment policy must be adopted by Council and be consistent with the Act and any National Treasury regulations.

10. EFFECTIVE DATE

The effective date of this policy, or any amendments thereto, shall be the date of its adoption by Council.

11. Policy Adoption

This policy has been considered and approved by the COUNCIL OF ENOCH MGIJIMA LOCAL MUNICIPALITY as follows:

Approval Date: 29/05/2018

_____

Acting Municipal Manager

D .van Wyk

ENOCH MGIJIMA LOCAL POLICY

ENOCH MGIJIMA
LOCAL MUNICIPALITY

ACCOUNTS PAYABLE POLICY

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Definition and terms

I. **AP -** Accounts Payable
II. **CFO -** Chief Financial Officer
III. **EFT-** Electronic Funds Transfer
IV. **E-venus -** Financial system
V. **GRN -** Goods Receive Note
VI. **PDF -** Portable Document Format
VII. **SAPS –** South African Police Services
VIII. **SARS -** South African Revenue Services
IX. **SDBIP -** Service Delivery and Budget Implementation Plan Service
X. **SOP -** Standard Operating Procedures
XI. **MFMA -** Municipal Finance Management Act

LEGISLATIVE FRAMEWORK

This policy is developed and guided by the following legislations and regulations:

i. Municipal Finance Management Act (MFMA), Act No. 56 of 2003
ii. Value Added Tax Act 89 of 1991
iii. Preferential Procurement Policy Framework Act 2000 (Act 5 of 2000)
iv. Preferential Procurement Regulations, 2001
v. Local Government: Municipal Systems Act (Act No. 32 of 2000)
vi. Provincial Archives and Records Services of SA Act
vii. Income Tax Act 58 of 1962 (as amended)
viii. King Code III of Corporate Governance

1. PREAMBLE

DDDDDD In an effort to ensure the responsible stewardship of Enoch Mgijima Municipality funds and safeguard the product of, it is the municipalities to conduct business according to the principles of accountability, completeness, timeliness and accuracy. Guided by these principles, the municipality shall make timely payment of appropriate invoices in the most efficient manner possible and properly report outstanding liabilities. Further, the municipality expects all and all vendors conducting business with the municipality to follow this policy.

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FFFFFF The municipality must expend funds according to sound business practices predicated on accountability, completeness, timeliness and accuracy. Adherence to a uniform policy assures fair, consistent, equitable, and judicious use of municipality funds. Expenditures paid by the municipality shall occur in the furtherance of the municipality vision and objectives. Therefore, it is incumbent upon each person responsible for making decisions on expenditures to ensure that funds are expended consistent with this policy.

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This policy establishes a uniform framework and procedure for the invoicing, receiving, recording and remitting of payments to vendors for goods and services used in the ordinary course of business.

2. PURPOSE

It provides guidelines for processing vouchers, invoices and other documents to make prompt and proper payments, incur obligations and to assist in administering appropriations and revolving fund.

3. SCOPE OF APPLICABILITY

All official payments made by Enoch Mgijima to Vendors/Suppliers or other duly authorized payments.

4. PRINCIPLES AND VALUES

The Municipality shall ensure that it obtain the right goods or services

a. at the best price available,
b. at the right time,
c. at the best quality and
d. in the correct quantity.

5. POLICY PROVISIONS

5.1 Registry

a) The Accounts Payable function is performed by the Budget and Treasury of Enoch Mgijima Municipality.

b) All invoices whether they are hand delivered, emailed, or posted to the municipal accounts payable department are date stamped and registered.

c) Invoices are processed for payment once all the relevant and authorized supporting documentation is received, duly signed by the relevant end user.

d) All invoices paid are filed and daily archived as per the required act.

e) Outgoing documents required by SARS, legal, forensic or for audit purposes must be recorded and are acknowledged for by the relevant requesting parties.

5.2 Verification of Assets

All invoices and supporting document are checked to ensure the following:

a) The tax invoice is in the name of Enoch Mgijima Municipality
b) The tax invoice date falls within the correct financial period.
c) That amounts reflected agree to the details as per the order and the castings are correct

d) All settlement discounts applicable are utilized, where beneficial.
e) Invoices are allocated to the correct cost centre and general ledger account.
f) Invoices processed for payment must be dealt with in the applicable financial year
g) All invoices must be sent to the Budget and Treasury Department at: Address: 70 Cathcart Road: Queenstown .**Email address: nntshanga@lukhanji.gov.za**

6. PROCESSING OF PAYMENTS

a) The accounts payable section is responsible for processing disbursement transactions by means of electronic transfers and cheque payments.
b) For all payments made, a remittance advice is immediately emailed or posted to the vendor/supplier depending on the preferred method of communication by the vendor/supplier.
c) Payments for refunds are made for Debtors Deposit's claimed and other sundry refunds.
d) The processing of payments will adhere strictly to the official payment terms of Enoch Mgijima Municipality
e) The E-venus system will allow for the electronic authorization of invoices and delivery notes, by means of a workflow process within the Budget and Treasury department (e.g. GRN or invoice captured by official, and another approve the GRN or the invoice and a 3rd authorise the payment)
f) An internal control system and segregation of duties, including sound personnel practices and standard operating procedures reducing the risk of errors and fraud will be maintained.

7. PAYMENT OF CREDITORS

7.1 The Chief Financial Officer shall ensure that all contracts awarded by the Municipality stipulate payment terms that are favourable to the Municipality. Payments must be made not later than 30 days from the invoice received date, unless –
a) there are financial incentives for the Municipality to effect earlier payment; or

b) in the case of small, micro and medium enterprises, this policy may cause financial hardship to the contractor in which case payment may be effected at the end of the month during which the service is rendered, goods supplied or work executed.

7.2 No payment for the provision of a service, the supply of goods or the execution of work shall be processed unless a supplier invoice containing a reference to the relevant purchase order and such other relevant information as the Chief Financial Officer may determine, has been received.

7.3 Supplier invoices processed for payment shall be certified to represent goods received, services rendered or work executed in a manner and to a standard acceptable to the relevant departmental head and, where applicable, the relevant contract manager or according to contract.

7.4 Supplier invoices shall be submitted to the Budget and Treasury Office. Any invoice submitted to another department shall be forwarded forthwith to the Budget and Treasury Office.

7.5 The Chief Financial Officer shall not ordinarily process payments for invoices received, more than once during each calendar month, such processing to take place on or about the end of the month concerned. Special payments to creditors shall only be made with the express approval of the Chief Financial Officer, who shall be satisfied that there are compelling reasons for making such payments prior to the normal month end processing.

7.6 Wherever possible, payment shall be effected by means of electronic transfer rather than by cheque. The Municipal Manager shall prescribe such procedures and measures as may be reasonably necessary to ensure that the banking details supplied by creditors who request payments by the Municipality to be made by electronic transfer or direct deposit into the relevant creditor's bank account are correct, including requesting the bank concerned to verify such information, provided that the Municipality may recover any cost it may have incurred in connection with such verification on the creditor concerned.

7.7 All payments, shall be made through the Municipality's bank account.

7.8 The Chief Financial Officer shall –

(a) draw all cheques on the Municipality's bank account(s);

(b) in consultation with the Municipal Manager, determine –

(i) procedures relating to the signing of cheques; and

(ii) appropriate signatories.

(iii) for both cheques and electronic fund transfers

7.9 All requests for payments of whatever nature shall be submitted on payment vouchers, the format of which shall be determined by the Chief Financial Officer.

Such vouchers shall be authorised in terms of such procedures as are determined from time to time by the Chief Financial Officer and shall be accompanied by such supporting documents as the CFO may determine.

7.10. The Chief Financial Officer shall be responsible for the payment of all salaries and remuneration benefits to employees and councillors and for the determination of the payment system to be used.

8. METHODS OF PAYMENT

8.1 Suppliers/Vendors

a. All vendors/suppliers of Enoch Mgijima shall be paid by means of EFT,
b. The use of Cheques for payments must be limited.
c. The bank act do not allow cheques payments above R500, 00.00, Enoch Mgijima will encourage EFT payments for all amounts exceeding R50, 000.00. 11

8.2 Sundry Payments

a. Sundry payments shall, as far as possible, be made by means of EFT, Cash
b. Focus and Business Integrator

9. TERMS OF PAYMENT

a. The official terms of payment of Enoch Mgijima Municipality will be honoured as far as possible.
b. However, should problems of any nature be encountered with the supplier/vendor, the payment would be delayed or intentionally withheld until the issues are resolved, i.e. processed invoices etc.
c. In all cases, invoices must be submitted directly to Accounts Payable for inclusion in the relevant pay-run. Should documentation be submitted late, the payment will be included in the next appropriate payment run.
d. Should the processing of a payment be delayed due to the late submission of documentation, any penalties imposed will be for the account of the functional business area. Any queries will also be referred to such department.
e. No person shall commit Council to making a payment earlier than the actual due dates for payment.

10. FREQUENCY OF PAYMENTS

a. The objective is to effect one payment per supplier/vendor per month, which should include all amounts due. Contract payments are to be effected when due in terms of approved payment terms.

10.1 Standard Payment

a. All invoices, for goods received and services rendered or engineering and construction works, received on or before the 20th of a particular month, will be paid between the 23rd and 26th of the ensuing month, on condition that the services were found to be of an acceptable level as goods receipted (GRN) and signed off by the relevant end user.
b. Payments made between the 23rd and 26th will include invoices that will be due as at the end of the month too.
c. In all instances the invoices must only be issued and dated when the goods and services has fully been rendered.

10.2 Grant funded payments

a) All grant funded payments will be paid as soon as the available money was transferred from the investment account and available on the current account

11. EXECUTION OF PAYMENTS

a. The Finance department shall ensure that the necessary control measures for all payments are maintained by relevant senior staff using access controls, passwords, exception reports and regular audit trail printouts.
b. Electronic Funds Transfer (EFT) – to be performed via:
    i. Cash Focus
    ii. Business Integrator

12. DOCUMENTATION

a. All documentation processed by Accounts Payable shall be retained and will remain under the control of the Accounts Payable Unit for at least three financial years, thereafter transferred to the Archive

13. RECONCILIATION OF VENDOR/SUPPLIER STATEMENTS

a. The reconciliation of supplier's statements, when received, will be performed on a monthly basis.

14. DISPUTED INVOICES

a. It is the duty of the line department to resolve all queries related to disputed invoices.

15. SERVICE PROVIDERS OWING THE MUNICIPALITY

a. Supplies of Goods and Services to the Municipality
b. All supplies of goods and services to the Municipality are required to provide proof that all their accounts are paid in full upon application for registration as vendors, as well as every six months thereafter.
c. Service providers should not be in arrears on their municipal accounts if they are in arrears The Municipality will set off amounts owing to the Municipality against invoices received for services rendered
d. In the event of a service provider not being able to remedy the accumulated arrears, the Municipality reserves its rights to terminate the procurement agreement

16. PETTY CASH

a. The municipality shall not keep petty cash under any circumstances

17. YEAR END PROCESS

17.1 General

a. Annually a communication is sent to business areas (via Finance Department) regarding the due dates at year end for:
    i. Closing of orders
    ii. Goods Received Notes
    iii. The capturing of accounts payable sundry invoices, credit memos and other adjustments in period

17.2 Trade Creditors

a. The capturing is normal until 30 June and Invoices captured from the 1 July will be allocated automatically to the correct financial year by E-venus system based on the date of the goods received note.

17.3 Sundry Creditors

a. After the 30th of June the “old year” invoices are captured in the old year, while the “new year” invoices are captured in the new financial year.

17.4 Contracts

Contracts shall be dealt with in capturing procedures at year end because expenditure is automatically allocated to the correct financial year by the E-venus system based on the posting date of the service entry sheet.

18. STOPPING OF PAYMENTS AND CANCELLING OF CHEQUES

18.1 The Chief Financial Officer shall install and maintain a system to stop payments and cancel issued cheques.

18.2 A written stop payment request shall be sent to the disbursements section if an issued cheque has been lost, stolen or mislaid. Such notification shall include such details as the Chief Financial Officer may determine but shall state at least the details of the payee, the amount of the payment and the reason for the request.

18.3 A replacement cheque shall be issued only after receiving written confirmation that the Municipality's bank has received the stop payment request. A replacement cheque shall be issued in due course, taking into account the operational requirements of the Municipality.

18.4 The Chief Financial Officer shall require that a creditor make arrangements for the electronic payment of her/his invoices if a stop payment request is received from that creditor on more than one occasion during a financial year.

18.5 Should a stopping of payment request be received and the cheque concerned clears from the Municipality's bank account before or after a replacement cheque is issued, the Chief Financial Officer shall –

(a) Stop the payment of the replacement cheque, had such been issued but not yet cleared the bank; or

(b) Immediately commence proceedings to recover the amount of the duplicate payment on the payee, if the replacement cheque has already cleared at the bank; and

(c) Report the matter to the SAPS if it is suspected that the payee has attempted to defraud the Municipality.

(d) Report the incident to the Municipal Manager as potentially fruitless expenditure.

19. MANAGEMENT OF INVENTORY

19.1 Each departmental head shall ensure that her/his department's inventory levels do not exceed

(a) Normal operational requirements in the case of items which are not readily available from suppliers; and

(b) Emergency requirements in the case of items which are readily available from suppliers.

19.2 Each departmental head shall periodically review the levels of inventory held and shall ensure that any surplus items are made available for disposal in accordance with the Municipality's supply chain management policy.

19.3 The CFO must annually review stock turnover periods for all items held in store and adjust reordering levels where required.

20. CASH MANAGEMENT PROGRAMME/ CASH FLOW PROJECTIONS

20.1 The Chief Financial Officer shall –

(a) Prepare an annual estimate of the Municipality's cash flows divided into calendar (per month per revenue source) months; and

(b) Update this estimate at least on a monthly basis.

20.2 The cash flow estimate shall indicate –

(a) When, for what periods and the amounts of surplus revenues that may be invested;

(b) When and for what amounts investments will have to be liquidated; and

(c) When, if applicable, either long-term or short-term debt must be incurred.

20.3 The Chief Financial Officer shall report on a monthly basis to the (Council) Municipal Manager –

(a) The cash flow estimate or revised estimate for such month;

(b) The actual cash flows for the month immediately preceding the month in respect of which an estimate is submitted;

(c) The estimates or revised estimates of the cash flows for the remaining months of the financial year;

(d) Any movements in respect of the Municipality's investments; and

(e) Such other details regarding the Municipality's investments as may be relevant.

20.4 The Chief Financial Officer shall provide comments or explanations in regard to any significant cash flow deviation in any calendar month forming part of such report.

21. IMPLEMENTATION, EVALUATION AND REVIEW

This policy framework is important for the Financial Compliance of Enoch Mgijima Municipality It provides an all-inclusive administrative procedure for the management of Accounts Payable.

21.1 The revised Accounts Payable Policy shall be implemented once approved by Council.

21.2 Stake holders must ensure that during implementation stages of the policy, there is consistent monitoring and evaluation of the policy as indicators will inform blockages within the policy implementation phases.

22. CESSIONS AGREEMENTS AND 3RD PARTY PAYMENTS

HHHHHH

IIIII 22.1 That only one cession be allowed per Contract

JJJJJJ

KKKKKK 22.2 That cessions be approved only on the supply of raw materials directly related to the project and not on the services

LLLLLL

MMMMMM 22.2 Cessions will be limited to a maximum of 30% of the total contract.

23. POLICY ADOPTION

This policy has been considered and approved by the Council of Enoch Mgijima Municipality on this day……29… of ……May…… 2018.

This policy Enoch Mgijima Municipality will take effect at once approved by the Council

_____

Acting Municipal Manager

D. van Wyk

ENOCH MGIJIMA LOCAL MUNICIPALITY

BUDGET POLICY

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DEFINITIONS

"Accounting Officer"-

(a) means the Municipal Manager;

"Allocation", means-

(a) a municipality's share of the local government's equitable share referred to in section 214(1)(a) of the Constitution

(b) an allocation of money to a municipality in terms of section 214(1) (c) of the Constitution

(c) an allocation of money to a municipality in terms of a provincial budget; or

(d) any other allocation of money to a municipality by an organ of state, including by another municipality, otherwise than in compliance with a commercial or other business transaction;

"Annual Division of Revenue Act" means the Act of Parliament, which must be enacted annually in terms of section 214 (1) of the Constitution;

"Approved budget, "means an annual budget-

(a) approved by a municipal council, or

(b) includes such an annual budget as revised by an adjustments budget in terms of section 28 of the MFMA;

"Basic Municipal Service" means a municipal service that is necessary to ensure an acceptable and reasonable quality of life and which, if not provided, would endanger public health or safety or the environment;

''Budget-related Policy" means a policy of a municipality affecting or affected by the annual budget of the municipality, including-

(a) the tariffs policy, which the municipality must adopt in terms of section 74 of the Municipal Systems Act;

(b) the rates policy which the municipality must adopt in terms of legislation regulating

municipal property rates; or

(c) the credit control and debt collection policy, which the municipality must adopt in terms of section 96 of the Municipal Systems Act;

"Budget Transfer' means transfer of funding within a function / vote.

"Budget Year" means the financial year of the municipality for which an annual budget is to be approved in terms of section 16(1) of the MFMA;

"*Chief Financial Officer*" means a person designated in terms of section 80(2) (a) of the MFMA;

"*Councilor*" means a member of a municipal council;

"*Creditor",* means a person to whom money is owed by the municipality;

"C*urrent year*" means the financial year, which has already commenced, but not yet ended;

"*Delegation*", in relation to a duty, includes an instruction or request to perform or to assist in performing the duty;

"*Financial recovery plan"* means a plan prepared in terms of section 141 of the MFMA

"*Financial statements*", means statements consisting of at least-

(a) a statement of financial position;

(b) a statement of financial performance;

(c) a cash-flow statement;

(d) any other statements that may be prescribed; and

(e) any notes to these statements;

"*Financial year"* means a twelve months period commencing on 1 July and ending on 30 June each year

"*Financing agreement*" includes any loan agreement, lease, and installment purchase contract or hire purchase arrangement under which a municipality undertakes to repay a long-term debt over a period of time;

"*Fruitless and wasteful expenditure*" means expenditure that was made in vain and would have been avoided had reasonable care been exercised;

"*Irregular expenditure*", means-

(a) expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of the MFMA Act, and which has not been condoned in terms of section 170 of the MFMA;

(b) expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of the Municipal Systems Act, and which has not been condoned in terms of that Act;

(c) expenditure incurred by a municipality in contravention of, or that is not in accordance with, a requirement of the Public Office-Bearers Act, 1998 (Act No. 20 of 1998); or

(d) expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of the supply chain management policy of the municipality or entity or any of the municipality's by-laws giving effect to such policy, and which has not been condoned in terms of such policy or by-law, but excludes expenditure by a municipality which falls within the definition of "unauthorized expenditure";

"*investment",* in relation to funds of a municipality, means-

(a) the placing on deposit of funds of a municipality with a financial institution; or

(b) the acquisition of assets with funds of a municipality not immediately required, with the primary aim of preserving those funds;

"*Lender",* means a person who provides debt finance to a municipality;

"*Local community*" has the meaning assigned to it in section 1 of the Municipal Systems Act;

"*Municipal Structures Act"* means the Local Government: Municipal Structures Act, 1998 (Act No. 117 of 1998);

"*Municipal Systems Act*" means the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000);

"*Long-term debt*" means debt repayable over a period exceeding one year;

" *Mayor*" means the councilor elected as the mayor of the municipality in terms of section 55 of the Municipal Structures Act;

"*Municipal council*" or "council" means the council of a municipality referred to in section 18 of the Municipal Structures Act;

"*Municipal debt instrument"* means any note, bond, debenture or other evidence of indebtedness issued by a municipality, including dematerialized or electronic evidence of indebtedness intended to be used in trade;

"*Municipal entity*" has the meaning assigned to it in section 1 of the Municipal Systems Act (refer to the MSA for definition);

"Municipality"-

(a) when referred to as a corporate body, means a municipality as described in section 2

of the Municipal Systems Act; or

(b) when referred to as a geographic area, means a municipal area determined in terms of the Local Government: Municipal Demarcation Act, 1998 (Act No. 27 of 1998);

"*Accounting Officer*" means a person appointed in terms of section 82(1) (a) or (b) of the Municipal Structures Act;

"*Municipal service*" has the meaning assigned to it in section 1 of the Municipal Systems Act (refer to the MSA for definition);

"*Municipal tariff*" means a tariff for services which a municipality may set for the provision of a service to the local community, and includes a surcharge on such tariff;

"*Municipal tax*" means property rates or other taxes, levies or duties that a municipality may impose;

"*National Treasury*" means the National Treasury established by section 5 of the Public Finance Management Act;

"*Official",* means-

(a) an employee of a municipality or municipal entity;

(b) a person seconded to a municipality or municipal entity to work as a member of the staff of the municipality or municipal entity; or

(c) a person contracted by a municipality or municipal entity to work as a member of the staff of the municipality or municipal entity otherwise than as an employee;

"*Overspending*"-

(a) means causing the operational or capital expenditure incurred by the municipality during a financial year to exceed the total amount appropriated in that year's budget for its operational or capital expenditure, as the case may be;

(b) in relation to a vote, means causing expenditure under the vote to exceed the amount appropriated for that vote; or

(c) in relation to expenditure under section 26 of the MFMA, means causing expenditure under that section to exceed the limits allowed in subsection (5) of this section;

"*Past financial year"* means the financial year preceding the current year;

"*Quarter*" means any of the following periods in a financial year:

(a) 1 July to 30 September;

(b) 1 October to 31 December;

(c) 1 January to 31 March; or

(d) 1 April to 30 June;

"*Service delivery and budget implementation plan*" means a detailed plan approved by the executive mayor of a municipality in terms of section 53(I)(c)(ii) of the MFMA for implementing the municipality's delivery of municipal services and its annual budget, and which must indicate-

(a) projections for each month of-

(i) revenue to be collected, by source; and

(ii) operational and capital expenditure, by vote;

(b) service delivery targets and performance indicators for each quarter; and

(c) any other matters that may be prescribed, and includes any revisions of such plan by the executive mayor in terms of section 54(1) (c) of the MFMA;

"*Short-term debt*" means debt repayable over a period not exceeding one year;

"*Standards of generally recognized accounting practice,*" means an accounting practice complying with standards applicable to municipalities or municipal entities as determined by the Accounting Standards Board

"*Virement"* means transfer of funds between functions / votes

"*Vote"* means-

(a) one of the main segments into which a budget of a municipality is divided for the appropriation of money for the different departments or functional areas of the municipality; and

(b) which specifies the total amount that is appropriated for the purposes of the

department or functional area concerned.

"*Unauthorized expenditure",* means any expenditure incurred by a municipality otherwise than in accordance with section 15 or **11** (3) of the MFMA, and includes-

(a) overspending of the total amount appropriated in the municipality's approved budget;

(b) overspending of the total amount appropriated for a vote in the approved budget;

(c) expenditure from a vote unrelated to the department or functional area covered by the vote;

(d) expenditure of money appropriated for a specific purpose, otherwise than for that

specific purpose;

(e) spending of an allocation referred to in paragraph (b), (c) or (d) of the definition of "allocation" otherwise than in accordance with any conditions of the allocation; or

(f) a grant by the municipality otherwise than in accordance with the MFMA;

"virement" means transfer of funds between functions/vote

"**vote"** means ;

(a) One of the main segments into which a budget of a municipality is divided for the appropriation of funds for different departments or functional areas; and

(b) Which specifies the total amount that is appropriated for the purpose of the department or functional area concerned.

1. PREAMBLE

The purpose of this policy is to ensure that policy is in line with the provisions of the Constitution S160 (6) and the Municipal Systems Act S11(3)(h), a sound and sustainable management of the budget compilation and approval process.

The Municipal Finance Management Act, No. 56 of 2003, Chapter 4 on Municipal Budgets, Subsection (16), states that the council of a municipality must for each financial year approve an annual budget for the municipality before the commencement of that financial year. According to subsection (2) of the Act concerned, in order to comply with subsection (1), the executive mayor of the municipality must table the annual budget at a council meeting at least 90 days before the start of the budget year.

This policy must be read, analyzed, explained, interpreted, implemented and understood against this legislative background. The budget plays a critical role in an attempt to realize diverse community needs. Central to this, the formulation of a municipality budget must take into account the government's macro-economic and fiscal policy fundamentals. In brief, the conceptualization and the operationalization of the budget must be located within the national government's policy framework.

2. POLICY OBJECTIVES

The objective of the budget policy is to set out:

a) The principles which the municipality will follow in preparing each medium term revenue and expenditure framework budget,

b) The responsibilities of the mayor, the accounting officer, the chief financial officer and other Directors in compiling the budget

c) To establish and maintain procedures to ensure adherence to Enoch Mgijima's IDP review and budget processes

3. BUDGET PRINCIPLES AND VALUES

a) The budget will be funded from realistically anticipated revenues to be collected, cash backed accumulated funds not committed for other purposes and borrowed funds.

b) Expenses may only be incurred in terms of the approved annual budget (or adjustments budget) and within the limits of the amounts appropriated for each vote in the approved budget.

c) Incremental based budgeting shall be used, except in cases of new programmes where zero based budget shall apply.

d) A three-year budget (medium term revenue and expenditure framework (MTREF)) shall be prepared, reviewed annually and approved by Council.

e) The MTREF budget must at all times be within the framework of the Municipal Integrated Development Plan.

f) The municipality shall not budget for a deficit.

g) The maintenance budget shall be based on the submissions made by various departments but shall not be less than a particular proportion of the total value of property, plant and equipment, which shall be determined by Council from to time.

h) Tariff increases shall respond to DORA allocations and population growth in the Enoch Mgijima area of jurisdiction.

4. BUDGET PREPARATION PROCESS

4.1 Formulation of the budget

The Accounting Officer with the assistance of the Director responsible for IDP and Chief Financial Officer shall draft the IDP and Budget process plan

timetable for the municipality for the ensuing financial year.

(b) The executive mayor shall table the IDP and Budget process plan to Council by 31 August each year for approval (10 months before the start of the next budget year).

(c) IDP process plan as well as the budget timetable shall indicate the key deadlines for the review of the IDP as well as the preparation of the medium term revenue and expenditure framework budget and the revision of the annual budget. Such target dates shall follow the prescriptions of the Municipal Finance Management Act as well as the guidelines set by National Treasury.

(d) The Mayor shall table the draft IDP and MTREF budget to council by 31 March (90 days before the start of the new budget year) together with the draft resolutions and budget related policies (policies on tariff setting, credit control, debt collection, indigents, investment and cash management, borrowings, etc).

(g) The Chief Financial Officer shall issue budget instructions in September to all Head of Departments based on the approved process plan.

(h) The Chief Financial Officer and senior managers undertake the technical preparation of the budget. The budget must be in the prescribed format, and must be divided into capital and operating budget.

(i) The budget must reflect the realistically expected revenues by major source for the budget year concerned

(j) The expenses reflected in the budget must be divided into line items.

(k) The budget must also contain the information related to the two financial years following the financial year to which the budget relates, as well as the actual revenues and expenses for the prior year, and the estimated revenues and expenses for the current year.

4.2 Public participation process

Immediately after the draft annual budget has been tabled, the municipality must convene hearings on the draft budget in April and invite the public, stakeholder organizations, to make representation at the council hearings and to submit comments in response to the draft budget.

4.3 Approval of the budget

(a) Council shall consider the next medium term expenditure framework budget for approval may not later than 31 May (30 days before the start of the budget year).

(b) The council resolution, must contain budget policies and performance measures be adopted.

(c) The annual budget must be approved before the start of the budget year. Should the municipality fail to approve the budget before the start of the budget year, the executive mayor must inform the MEC for Finance in the Province that the budget has not been approved.

(d) The budget tabled to Council for approval shall include the following supporting documents:

i. draft resolutions approving the budget and levying property rates, other taxes and tariffs for the financial year concerned;

ii. Draft resolutions;

iii. Measurable performance objectives for each budget vote, taking into account the municipality's IDP;

iv. The projected cash flows for the financial year by revenue sources and expenditure votes;

v. any proposed amendments to the IDP;

vi. Any proposed amendments to the budget-related policies;

vii. the cost to the municipality of the salaries, allowances and other benefits of its political office bearers and other councilors, the accounting officer, the chief financial officer, and other senior managers;

viii. particulars of any proposed allocations or grants to other municipalities, municipal entities, external mechanisms assisting the municipality in service delivery, other organs of state, and organizations such as Non-governmental Organizations, welfare institutions and so on;

ix. particulars of the municipality's investments; and

x. Resolutions be crafted in line with National Treasury Budget guidelines

4.4 Publication of the budget

(a) Within time frames stipulated to circular 75 immediately after the draft annual budget has been tabled, the budget and other budget-related

documentation must advertise for comments in a local newspaper, posted onto the municipal website so that it is accessible to the public as well as send hard copies to National and Provincial Treasury .

(b) The Chief Financial Officer must within 10 days submit the approved budget in both printed and electronic formats to the National Treasury, the Provincial Treasury as well as advertise to local newspaper and post it on the municipal website.

5. CAPITAL BUDGET

(a) *Expenditure shall be included in the capital budget if it meets the asset definition as defined in GRAP 17.* The threshold value will also be used to determine which items need to be capitalized and included in the fixed asset register. The threshold value will be reviewed on an annual basis.

(b) A municipality may spend money on a capital project only if the money for the project has been appropriated in the capital budget.

(c) The envisaged sources of funding for the capital budget must be properly considered and the Council must be satisfied that this funding is available and has not been committed for other purposes.

Before approving a capital project, the Council must consider:

i. the projected cost of the project over all the ensuing financial years until the project becomes operational,

ii. Future operational costs and any revenues, which may arise in respect of such project, including the likely future impact on operating budget (i.e. on property rates and service tariffs).

iii. the impact on the present and future operating budgets of the municipality in relation to finance charges to be incurred on external loans,

iv. depreciation of fixed assets,

v. maintenance of fixed assets, and

vi. any other ordinary operational expenses associated with any item on such capital budget.

(f) Council shall approve the annual or adjustment capital budget only if it has

been properly balanced and fully funded.

(g) The capital expenditure shall be funded from the following sources:

6. REVENUE OR SURPLUS

(a) If any project is to be financed from revenue this financing must be included in the

(b) Operation budget to raise sufficient cash for the expenditure.

(c) If the project is to be financed from surplus there must be sufficient cash available at time of execution of the project.

7. EXTERNAL LOANS

(a) External loans can be raised only if it is linked to the financing of an asset;

(b) A capital project to be financed from an external loan can only be included in the budget if the loan has been secured or if can be reasonably assumed as being secured;

(c) The loan redemption period should not exceed the estimated life expectancy of the asset. If this happens the interest payable on the excess redemption period shall be declared as fruitless expenditure

(d) Interest payable on external loans shall be included as a cost in the revenue budget;

(e) Finance charges relating to such loans shall be charged to or apportioned only between the departments or votes to which the projects relate.

8. GRANT FUNDING

(a) Non capital expenditure funded from grants

- must be budgeted for as part of the revenue budget;
- Expenditure must be reimbursed from the funding creditor and transferred to the operating and must be budgeted for as such.
- Capital expenditure must be budgeted for in the capital budget;

- Interest earned on investments of Conditional Grant Funding shall be capitalized if the conditions state that interest should accumulate in the fund. If there is no condition stated the interest can then be allocated directly to the revenue accounts.
- Grant funding does not need to be cash backed but cash should be secured

before spending can take place.

9. OPERATING BUDGET

(a) The municipality shall budget in each annual and adjustments budget for the contribution to:

i. provision for accrued leave entitlements equal to 100% of the accrued leave

ii. Provision for bad debts in accordance with its rates and tariffs policies

iii. Depreciation and finance charges shall be charged to or apportioned only between the departments or votes to which the projects relate.

vi. At least 5% of the operating budget component of each annual and adjustments budget shall be set aside for maintenance.

(b) When considering the draft annual budget, council shall consider the impact, which the proposed increases in rates and service tariffs will have on the monthly municipal accounts of households.

(c) The impact of such increases shall be assessed on the basis of a fair sample of randomly selected accounts.

(d) The operating budget shall reflect the impact of the capital component on:

depreciation charges

repairs and maintenance expenses

(c) interest payable on external borrowings

(d) Other operating expenses.

(e) The chief financial officer shall ensure that the cost of indigency relief is separately reflected in the appropriate votes.

10.FUNDING OF OPERATING BUDGET

(a) The budget may be financed only from:

i. realistically expected revenues, based on current and previous collection levels;

ii. cash-backed funds available from previous surpluses where such funds are not required for other purposes; and

iii. *Allocations from other spheres of government.*

11. UNSPENT FUNDS / ROLL OVER OF BUDGET

(a) The appropriation of funds in an annual or adjustments budget will lapse to the extent that they are unspent by the end of the relevant budget year, but except for funds relating to capital expenditure.

(b) Only unspent grant (if the conditions for such grant funding allows that) or loan funded capital budget may be rolled over to the next budget year

(c) Conditions of the grant fund shall be taken into account in applying for such roll over of funds in line with guidelines set in circular 74 and 75 of National Treasury

(d) Adjustments to the rolled over budget shall be done during the 2nd budget adjustment in the new financial year after taking into account expenditure up to the end of the previous financial year.

(f) No funding for projects funded from the own funds shall be rolled over to the next budget year except in cases where a commitment has been made before the end of the financial year.

(g) No unspent operating budget shall be rolled over to the next budget year except for vacant funded position which shall remain in the personnel budget until the position is filled

12. DELEGATION OF BUDGET ADJUSTMENT POWERS AND DUTIES

The council hereby delegates such additional powers and duties to the *accounting officer* so as to enable the *accounting officer* –

i. to discharge the financial management responsibilities conferred on him in terms of –
    1. chapter 8 of the *MFMA*; and
    2. ensuring an effective control system for this Budget Adjustment policy;
ii. to maximise administrative and operational efficiency in the implementation of the Budget policy;

iii. Sections 79 and 106 of the *MFMA* apply to the sub-delegation of powers and duties delegated to an *accounting officer* in terms of paragraph 3.1 of this policy.

iv. There can be no budget adjustment between capital and operating budgets, at any level, unless approved in advance by the council.

v. *Budget adjustments* from an employee budget (salary or benefit related) to a non-employee budget, and vice versa, is not permitted without the specific prior approval of the Accounting Officer.

vi. The council or *accounting officer* may not delegate or sub-delegate any virement powers or duties to a person who is not an official of the municipality.

13. SUB-DELEGATIONS

13.1 The council hereby delegates authority to the *accounting officer* to approve budget adjustments within and between *sub-votes* up to a cumulative value for the financial year of R1 million or 25% of the total *sub-vote* (whichever is the lesser amount). Above this level requires council approval.

13.2 The *accounting officer* may in terms of section 79 or 106 of the MFMA sub-delegate any budget adjustment responsibilities, including those delegated to the *accounting officer* in terms of this policy, but any such sub-delegation must be consistent with other provisions within this policy.

13.3 The power to approve a budget adjustment –

vii. between *votes* may not be sub-delegated except as outlined in paragraph 5.1;

viii. between different departments or within the same department, and within the same vote, may be sub-delegated by the *accounting officer*, but only to the *CFO* and only in line with this policy.;

14. BUDGET ADJUSTMENT PROCESS

14.1 Budget adjustments between *votes* must be approved by the council in advance of their implementation, except in the case of an emergency as determined by the *accounting officer* including, but not limited to, –

i. unforeseen and unavoidable expenditure for which no provision was made in the budget and in line with the adopted policy; and

ii. Expenditure in relation to cases of emergency as described in the municipality's supply chain management policy; in which case the *accounting officer* must agree the budget adjustment with the mayor and report it to the next council meeting as per policy.

14.2 All budget adjustments must be reported to council as required in terms of sections 71 and 72 of the *MFMA* and, if required, as part of the adjustments budget in accordance with section 28 of the *MFMA*.

14.3 All budget adjustments must be reported to, and recorded by, the *CFO*. *Senior managers* must provide the *CFO* with relevant and timely information in accordance with the prescribed format as determined by the *CFO*.

15. APPENDIX TO ADJUSTMENTS PROCESS

15.1 Appropriation of funds for expenditure

A municipality may, except where otherwise provided in this Act, incur expenditure only –

a. In terms of the approved budget; and
b. Within the limits of the amounts appropriated for the different votes in the approved budget.

15.2 **Municipal adjustments budget**

(1) A municipality may revise an approved annual budget through an adjustments budget.

(2) An adjustments budget -

15.3 must adjust the revenue and expenditure estimates downwards if there is material under-collection of revenue during the current year;

15.4 may appropriate additional revenues that have become available over and above those anticipated in the annual budget, but only to revise or accelerate spending programmes already budgeted for;

15.5 may, within a prescribed framework, authorise unforeseeable and unavoidable expenditure recommended by the mayor of the municipality;

15.6 may authorise the utilisation of projected savings in one vote towards spending under another vote;

15.7 may authorise the spending of funds that were unspent at the end of the past financial year where the under-spending could not reasonably have been foreseen at the time to include projected roll-overs when the annual budget for the current year was approved by the council;

15.8 may correct any errors in the annual budget; and

15.9 may provide for any other expenditure within a prescribed framework.

(3) An adjustments budget must be in a prescribed form.

(4) Only the mayor may table an adjustments budget in the municipal council, but an adjustments budget in terms of subsection (2) (b) to (g) may only be tabled within any prescribed limitations as to timing or frequency. adjustments budget

must be in a prescribed form.

(5) When an adjustments budget is tabled, it must be accompanied by-

a. an explanation how the adjustments budget affects the annual budget;

b. a motivation of any material changes to the annual budget;

c. an explanation of the impact of any increased spending on the annual budget and the annual budgets for the next two financial years; and

d. any other supporting documentation that may be prescribed.

(6) Municipal tax and tariffs may not be increased during a financial year except when required in terms of a financial recovery plan.

(7) Sections 22(b), 23(3) and 24(3) apply in respect of an adjustments budget, and in such application a reference in those sections to an annual budget must be read as a reference to an adjustments budget.

16. BUDGET IMPLEMENTATION

(1) The accounting officer of a municipality is responsible for implementing the municipality's approved budget, including taking all reasonable steps to ensure –

a. that the spending of funds is in accordance with the budget and is reduced as necessary when revenue is anticipated to be less than projected in the budget or in the service delivery and budget implementation plan; and

b. that revenue and expenditure are properly monitored.

(2) When necessary, the accounting officer must prepare an adjustments budget and submit it to the mayor for consideration and tabling in the municipal council.

(3) The accounting officer must no later than 14 days after the approval of an annual budget submit to the mayor-

a. a draft service delivery and budget implementation plan for the budget year; and

b. drafts of the annual performance agreements as required in terms of section 57(1) (b) of the Municipal Systems Act for the municipal manager and all senior managers

17. MONTHLY BUDGET STATEMENTS

(1) The accounting officer of a municipality must by no later than 10 working days after the end of each month submit to the mayor of the municipality and the relevant provincial treasury a statement in the prescribed format on the state of the municipality's budget reflecting the following particulars for that month and for the financial year up to the end of that month –

a. actual revenue, per revenue source;

b. actual borrowings;

c. actual expenditure, per vote;

d. actual capital expenditure, per vote;

e. the amount of any allocations received;

f. actual expenditure on those allocations, excluding expenditure on –

i. any material variances from the municipality's projected revenue by source, and from the municipality's expenditure projections per vote;

ii. any material variances from the service delivery and budget implementation plan; and

iii. any remedial or corrective steps taken or to be taken to ensure that projected revenue and expenditure remain within the municipality's approved budget.

(2) The statement must include-

a. a projection of the relevant municipality's revenue and expenditure for the rest of the financial year, and any revisions from initial projections; and

b. the prescribed information relating to the state of the budget of each municipal entity as provided to the municipality in terms of section 87(10).

(3) The amounts reflected in the statement must in each case be compared with the corresponding amounts budgeted for in the municipality's approved budget.

(4) The statement to the provincial treasury must be in the format of a signed document and in electronic format.

(5) The accounting officer of a municipality which has received an allocation referred to in subsection (1) (e) during any particular month must, by no later than 10 working days after the end of that month, submit that part of the statement reflecting the particulars referred to in subsection (1) (e) and (f) to the national or

provincial organ of state or municipality which transferred the allocation.

(6) The provincial treasury must by no later than 22 working days after the end of each month submit to the National Treasury a consolidated statement in the prescribed format on the state of the municipalities' budgets, per municipality and per municipal entity.

(7) The provincial treasury must, within 30 days after the end of each quarter, make public as may be prescribed, a consolidated statement in the prescribed format on the state of municipalities' budgets per municipality and per municipal entity. The MEC for finance must submit such consolidated statement to the provincial legislature no later than 45 days after the end of each quarter.

18. MID-YEAR BUDGET AND PERFORMANCE ASSESSMENT

(1) The accounting officer of a municipality must by 25 January of each year–

a. assess the performance of the municipality during the first half of the financial year, taking into account-

i. the monthly statements referred to in section 71 for the first half of the financial year;

ii. the municipality's service delivery performance during the first half of the financial year, and the service delivery targets and performance indicators set in the service delivery and budget implementation plan;

iii. the past year's annual report, and progress on resolving problems identified in the annual report; and

iv. the performance of every municipal entity under the sole or shared control of the municipality, taking into account reports in terms of section 88 from any such entities; and

b. submit a report on such assessment to-

i. the mayor of the municipality;

ii. the National Treasury; and

iii. the relevant provincial treasury.

(3) The accounting officer must, as part of the review-

a. make recommendations as to whether an adjustments budget is necessary;

and

b. recommend revised projections for revenue and expenditure to the extent that this may be necessary.

19. BUDGET IMPLEMENTATION

19.1 Monitoring

(a) The Accounting Officer with the assistance of the Chief Financial officer and other senior managers is responsible for the implementation of the budget, and must take reasonable steps to ensure that:

- funds are spent in accordance with the budget;

- expenses are reduced if expected revenues are less than projected; and

- revenue and expenses are properly monitored.

(b) The Accounting Officer with the assistance of the Chief Financial Officer must prepare any adjustments budget when such budget is necessary and submit it to the Mayor for consideration and tabling to Council.

(d) The Accounting Officer must report in writing to the Council any impending shortfalls in the annual revenue budget, as well as any impending overspending, together with the steps taken to prevent or rectify these problems.

20. FINAL ADOPTION

Council is the formulator of, and decision maker where, policies are concerned. The final approval of this policy rests with the Enoch Mgijima Council on recommendation of the Executive Mayor.

21. IMPLEMENTATION AND REVIEW OF THIS POLICY

a) This policy shall be implemented once approved by Council. All future budget preparation must be made in accordance with this policy.

b) In terms of section 17 (1) (e) of the MFMA this policy must be reviewed on annual basis and the reviewed policy tabled to Council for approval as part of the budget process.

22. AUTHENTICATION

This policy has been considered and approved by the COUNCIL OF ENOCH MGIJIMA LOCAL MUNICIPALITY as follows:

Approval Date: 29/05/2018

_____

Acting Municipal Manager

D. van Wyk

ENOCH MGIJIMALOCAL MUNICIPALITY

CONTRACT MANAGEMENT POLICY

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DEFINITIONS AND TERMS

In this Policy, unless the context indicates otherwise-

Accounting Officer (in relation to a municipality) Means the municipal official referred to in section 60 of the MFMA (2003); and include a person acting as the accounting officer.

Act or MFMA Means the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003);

Circular 62 Means communication from National Treasury by Means of a Circular to enhance compliance and accountability to SCM Regulations and the MFMA of 2003.

Construction Industry Development Board (CIDB): Means the Construction Industry Development Board (CIDB), a national body established by an Act of Parliament (Act 38 of 2000) to oversee the sustainability and growth of construction enterprises across the country.

Contract Means the agreement that results from the acceptance of a bid by the Municipality (mutual agreement) Contract Alteration Means changing technical writing or input errors to the agreement of the contract without changing the scope of contract.

Service Level Agreement Means the agreement between the Municipality and a service provider; it details the nature, quality, and scope of the service to be provided.

Contract Amendment Means changing the scope, nature, duration, purpose or objective of the agreement or contract (In context of Circular 62 and section 116 (3) of the MFMA).

Project Manager Means the Manager responsible for the day to day activities (including performance management and dispute resolution) during the life cycle of the contract (with delegated powers to perform this function).

Contract Management Means the holistic term of all role players involved in an agreement (SLA/SDA) or contract and include the; Contracts Manager, user department, Project Manager and supplier.

Contracts Manager Means the official responsible for monitoring, regulating and reporting on all contracts related activities as set out in Section 116 of the MFMA.

User Department Means the Department that is ultimately accountable for all activities during the life cycle of the contract, relevant to his/her directorate.

Delegation (in relation to a duty) includes an instruction or request to perform or to assist in performing the duty.

Force Majeure Is the expression used to denote irresistible superior force which might cause damage or prevent the execution of an obligation, therefore suppliers is not liable for damages caused by force majeure or for failure to carry out a contract if prevented (Term and conditions in this regard will be determined by every individual contract/s).

Official (In relation to a municipality) Means:

>an employee of a municipality;

>a person seconded to a municipality to work as a member of the staff of the municipality; or

>a person contracted by a municipality to work as a member of the staff of the municipality otherwise than as an employee.

Users Means all officials as set out in the organogram of Lukhanji Municipality involved with contracts.

Pre-Award Means prior to the Municipality enter into a contract with the service provider/contractor

Post-Award Means subsequent to the Municipality entering into a contract with the service provider/contractor.

3. ABBREVIATIONS

BEE	Black Economic Empowerment
B-BBEE	Broad-Based Black Economic Empowerment
GCC	General Conditions of contract.

LG: MSA	Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000).
NT	National Treasury established by section 5 of the Public Finance Management Act.
SCC	Special Conditions of Contract.
SDA	Service Delivery Agreement.
SLA	Service Level Agreement
SCM	Supply Chain Management
UD	User Department
FD	Finance Department
LS	Legal Services
MM	Municipal Manager
CM	Contracts Management
Co	Contractor
BSC	Bid Specification Committee
BEC	Bid Evaluation Committee
BAC	Bid Adjudication Committee

STATUTORY AND REGULATORY FRAMEWORK FOR MANAGING CONTRACT

a) Regulatory Framework and Application of the Contract Management
b) All officials and other role players in the Municipality must implement this policy in a way that gives effect to:
c) Section 217 of the Constitution;
d) Section 116 of the MFMA;
e) Section 33 of the MFMA;
f) SCM Policy; and
g) any other regulations pertaining to Supply Chain Management
h) The Policy applies to all contracts procured through the supply chain management system of the Municipality.

1. PREAMBLE

The Enoch Mgijima Municipality commits to ensure that objective of procurement contracting is to acquire goods, services and/ or works and to carry out contracts in a manner that enhances access, competition and fairness and results in best value or, if appropriate, the optimal balance of overall benefits to the municipality. Properly managed contracts by all stakeholders involved, can ensure that services are delivered within specifications as set and agreed by all during the specifications phase and at the agreed cost , (Inclusive of escalation clauses in contracts) time period and qualities of the goods and services procured.

The intention of this Policy Framework is to define the parameters and set out a clear basis for the creation and application of appropriate processes and procedures that should result in efficient and value-adding procedures within Municipalities in accordance with the prescribed legal, financial and ethical requirements.

In accordance with the National Treasury Contract Management Guidelines, 2010, contract management should deliberately focus on the activities associated with the operational phase of the contract after the contract has been awarded and is functional and being implemented. It is, however, fully acknowledged that successful contract management is significantly dependent on what happens before, during and after the tendering and award phases.

The policy framework is designed not only to support the application of good practice within a contract, but also to support the development and application of an effective contract management function, in general.

All transactions undertaken by Enoch Mgijima Municipality involve a contract whether explicitly agreed in writing, or implicitly implied through actions. Properly managed contracts by all stakeholders involved, can ensure that services are delivered within specifications and at the agreed cost, (Inclusive of escalation clauses in contracts) time period, quantities of the goods and quality service procured. All contracts must be managed throughout the contract Life Cycle, based on the level of management control appropriate for the classification of that contract. Improperly managed contracts may impact negatively on service delivery. Adverse effects of poor contract management include but are not limited to:

1.1. Goods and services outside of specification;

1.2. Cost overruns;

1.3. Poor supplier, buyer or other stakeholder relations;

1.4. Negative public perception;

1.5. Protracted legal disputes; and

1.6. Potentially complete service delivery failure.

Hence, good contract management by all stakeholders involved is essential for good financial management and will contribute greatly to the effectiveness and efficiency of service delivery. In effect it would give strategic direction to all directorates following a centralized strategy of contract management. This policy must be read in conjunction with the SCM Policy of the Enoch Mgijima municipality.

2. PURPOSE

The purpose of this policy is to provide a policy guiding framework for effective and efficient control of contracts procured through the Supply Chain Management system within Enoch Mgijima Municipality

3. OBJECTIVES

a) The effective and efficient control of contracts procured through the SCM system ensuring:
b) Proper recording and enforcement of contracts throughout the contract life cycle (from specifications to contract reviews);
c) Support to the demand management framework, optimizing proper planning, resulting in effective service delivery;
d) Management of Contract Performance;
e) To assist officials in understanding their legal and managerial responsibilities with regards to contract management;
f) To ensure that all contracts by the municipality are procured within the SCM system.

4. SOPE OF APPLICABILITY

This policy framework is designed to support in developing a sound, consistent and effective procedure to managing their diverse range of contracts within Enoch Mgijima Municipality.

5. PRINCIPLES AND VALUES

i. Equitable
ii. Transparent
iii. Competitive
iv. Cost-Effective And
v. Fair

6. POLICY PROVISIONS

CONTRACT LIFE CYCLE

The following diagram depicts the contract life cycle.

6.1. Planning

6.1.1. Projects should be identified from the Integrated Development Plan (IDP), sourced from the needs of the Community and the Municipality.

6.1.2. Identified projects should be approved by the Council of the Municipality and be incorporated in the IDP and linked to the strategic objectives of the Municipality which in turn will be assigned an appropriate budget.

6.1.3. Based on the appropriated budget and developed operational plan, the need for contract should be established in order to execute the operational plans.

6.1.4. User Departments must ensure that projects emanating from the strategic objectives contained in the approved IDP are appropriately budgeted for and operational plans or service delivery and budget implementation plans (SDBIP) are developed.

6.1.5. Contracts Management Section of the Municipality in consultation with SCM Section of the Municipality must ensure that contracts for projects linked to strategic objectives are procured through an appropriate procurement process.

6.2. Creation

6.2.1. Contract Management through SCM Section of the Municipality must be informed timeously of any tender awarded for procurement of goods and services.

6.2.2. Contract Management and Legal Services of the Municipality must ensure that appropriate contract documentation for the relevant class of contract is documented and approved by both the Contracts Manager and the user department.

6.3. Collaboration

6.3.1. Prior to engaging the appointed service provider, the user department, Legal Services and Contracts Management section must review the drafted contract to ensure that the contract will give legal and non-legal effects to the requirements of all parties to the contract.

6.3.2. After the service provider has been approved for the appointment, the user department and Legal Department must discuss the terms and conditions of the contract including the expected deliverables with the appointed contractor to ensure that the terms and conditions of the contract give effect to the requirements of both parties.

6.3.3. The negotiated contract must be in line with, and must not be materially different from the tender specifications and awarded tender.

6.4. Execution

6.4.1. User department must enter into the contract with the appointed service provider and the contract must be endorsed by the Municipal manager of the Municipality.

6.4.2. Contracts Manager and the Head of SCM must also sign the contract as witness to the contract.

6.4.3. The contract will only be enforceable after all the signatures of the relevant parties are documented; therefore the signatures must include the initial on all pages by the User department and delegated representative of the appointed contractor.

6.5. Administration

6.5.1. Contract administration includes all administrative (monitoring and evaluation) duties associated with a contract once it is implemented.

6.5.2. Contracts Manager and the user department must from time to time review the following with regards to the contract once it implemented;

6.5.2.1. Contract pricing and discounts (if applicable);

6.5.2.2. Timeliness of payments and or receipts;

6.5.2.3. Performance in delivering agreed service level or specifications of goods and services; and

6.5.2.4. Applicable amendments.

6.5.3. The contract should be signed by all parties concerned (the user department must ensure that the service provider has the delegated powers to sign and amend the contractual agreement).

6.5.4. A signed service level agreement (if applicable) must be compiled and signed which will incorporate all the relevant sections of the tender documentation.

6.5.5. All once-off purchases shall have a specified end delivery date.

6.5.6. Contracts Manager must ensure that the contract register recording all contracts of the Municipality is maintained by the Contracts Management section of the supply chain unity.

6.5.7. The contracts register contains the following information;

6.5.7.1. Details of awarded tender (i.e. Name of the service provider, Value of Contract, Contract ID number, Contract description and Date of award);

6.5.7.2. Duration of the contract (Start and End date of the contract);

6.5.7.3. Contract Type;

6.5.7.4. Details of price escalation, if applicable;

6.5.7.5. Details of the Project Manager; and

6.5.7.6. Progress payments made under the contract.

6.5.8. A senior official must review the contract register on a quarterly basis for completeness and accuracy.

6.6. Close-out / Renewal

6.6.1. Contracts Manager in consultation with the user department and Project Manager must assess the performance of the service providers at the regular interval during the contract life cycle and importantly at the close-out or renewal of contract.

6.6.2. A review of the following issues should be considered when the performance under the contract is assessed;

6.6.2.1. Actual quantities, prices, total values against budgeted quantities, prices and total values;

6.6.2.2. Actual timeliness of delivery under the contract against the contracted timeframes;

6.6.2.3. Actual service levels or specifications of goods and services against those contracted.

6.6.2.4. Future budgets, change suppliers or other stakeholder;

6.6.2.5. Outsourcing opportunities and risk strategies.

7. IDENTIFICATION AND CLASSIFICATION OF CONTRACTS

7.1 *Classification of Contracts*

7.1.1. Contracts manager in consultation with the Project Manager and user department must classify the contract according to the nature/type of procurement, value of the contract, duration of contract, complexity of contract and perceived strategic importance of a contact.

7.1.2. Contracts manager in conjunction with the various user departments must from time to time maintain the contract listing, the classification of contracts and update the contract register.

8. RECOGNITION, MEASUREMENT AND DISCLOSURE OF CONTRACTS

8.1. Contracts which require recognition and disclosure by the GRAP standards should be identified by the contract management section in consultation with Budget and Treasury Office of the Municipality.

8.2. The contracts that require recognition, measurement and disclosure in the Annual Financial Statements should be regularly reviewed by the Contracts Manager in consultation with the Head of Budget and Treasury and Legal Section.

8.3. These contracts should include the following, but not limited to;

8.3.1. Contingent Assets, example include

8.3.1.1. Claims instituted by the Municipality against service providers

8.3.2. Contingent Liabilities, example includes

8.3.2.1. Claims instituted against the Municipality by service providers; and

8.3.2.2. Environmental rehabilitation liability.

8.3.3. Commitments, example includes

8.3.3.1. Goods and services already ordered but not yet delivered;

8.3.3.2. Goods and services budgeted for but still to be ordered; and

8.3.3.3. Lease commitments.

8.3.4. Accrued revenue, example include

8.3.4.1. Goods and services received in terms of the contract but not yet invoiced by the contractor.

9. PLANNING, BUDGETING AND REPORTING CYCLE

9.1 Strategic plan and budgets:- A comprehensive review of all existing and proposed contracts must be undertaken during the strategic planning and budget process and that:

9.1.1 Operational plans must specify contracting requirements;

9.1.2 Objectives of each contract are linked to the strategic objectives of the institution;

9.1.3 Contracting requirements are communicated to internal and external stakeholders;

9.1.4 Contracts are linked to the annual procurement or sales plan; and

9.1.5 Contract management function is reviewed.

9.2 Budget implementation: -this involves enforcement of contracts in such that delivery and subsequent payments are carried out.

9.3 Management reporting:- this involves monitoring and the reports useful for managing contracts includes but not limited to:

9.3.1 Budget approved, contract not awarded (planned date of award, start and completion);

9.3.2 Contract awarded, not yet commenced (planned date of start and completion);

9.3.3 Per contract - amount contracted, no order;

9.3.4 Per contract - amount committed, goods or services not yet received;

9.3.5 Per contract – value of goods or services received, not yet paid for;

9.3.6 Per supplier, per contract – amounts not paid within terms;

9.3.7 Breaches of conditions or service delivery targets (either party);

9.3.8 Significant price variations or other variations in conditions.

9.4 Reporting may take place during the following stages throughout the contract life cycle;

9.4.1 Contract inception;

9.4.2 In-year reporting (monthly, quarterly and mid-year);

9.4.3 Annual reporting (Audited AFS and Annual Report);

9.4.4 Planning and budget (Strategic plan and budget); and

9.4.5 Contract closure.

10. OVERSIGHT OF THE CONTRACT MANAGEMENT

10.1 The Contract Management of the Municipality is responsible for ensuring that contracts are properly implemented, managed, enforced, monitored and reported on. To facilitate appropriate oversight of contract management the accounting officer must take all reasonable steps to ensure that;

10.1.1 Contracts are properly classified according to the nature;

10.1.2 No rights in terms of an awarded contract will accrue before the objection period of 14 days has elapsed without there being any objection to the award.

10.1.3 Contract are signed by all parties concerned (should also ensure that the service providers have the delegated powers to sign and amend the contractual agreement).

10.1.4 Once the final award for a tender is made the Contract management section of the Municipality must be informed, supporting approving documents and any other documentation subsequent to award are submitted to the Contracts Manager.

10.1.5 The Contracts Manager submits a consolidated report on the performance of contracts or agreements to the Accounting Officer within 10 business days of the end of each quarter.

10.2 The contract will only be enforceable after all the signatures of the relevant parties are documented.

10.3 A signed service level agreement (if applicable) must be compiled and signed which will incorporate all the relevant sections of the tender documentation.

10.4 Contract variations should be recommended by the user department in conjunction with the Contract Manager and be submitted to the Bid Adjudication Committee before duly approved by the Municipal Manager.

10.5 Approved contract variations must be attached to the original, signed contract, between the Municipality and the service provider.

11. RESOURCING CONTRACT MANAGEMENT ACTIVITIES

11.1. The roles and responsibilities of parties involved in the management of contracts procured through the SCM system are described in the attached Annexure. Please refer to Annexure A: Roles and Responsibilities.

12. DOCUMENT AND INFORMATION MANAGEMENT

12.1. All contracts entered into by the Municipality must be recorded in the contract register to be maintained by Contracts Management section of the Municipality.

12.2. Proper records regarding all aspects of the contract must be maintained and kept in accordance with relevant legislation, i.e. SCM policy, MFMA, MFMA SCM regulations and etc. Safe custody of all contract documents must be enforced by all relevant user departments.

12.3. Contracts management section of the Municipality must record and document the following with regards to the contract;

12.3.1. That the goods/services are received in accordance with the contract;

12.3.2. That the goods/services procured are received;

12.3.3. That the suppliers/contractors are paid in accordance with the contract;

12.3.4. That any variations to the contract are implemented in accordance with the contract; and

12.3.5. That any price escalations are implemented in accordance with the contract.

12.4. In instances where the price escalations provided for in the contract are approved by the delegated officials, contract management must ensure that the addendum to the contract is attached to the original contract.

13. RELATIONSHIP MANAGEMENT

13.1. Relationship management of the Municipality with stakeholders should take account of the factors but not limited to;

13.1.1. Understanding of and respect for each party's point of view;

13.1.2. shared knowledge and objectives and desire for contract to succeed;

13.1.3. sound understanding of contract wording and contract documents;

13.1.4. Willingness to resolve issues by all parties;

13.1.5. Effective decision making processes; and

13.1.6. Joint approach to managing delivery under the contract.

13.2. Contracts Manager in consultation with Budget and Treasury Department must ensure that the service providers are classified according to the below "Classification Framework for Relationship Management".

Prime The top X suppliers in terms of importance to Institution's strategic objectives

Key Business critical supplier in terms of institution's strategic objectives

Approved Non business critical suppliers approved for repeat business subject to performance

Test New and ad-hoc suppliers

Potential Suppliers identified for potential future business

Exit Suppliers to be managed out of future business

13.3. For classification purposes, the Contracts Manager in consultation with the user department should consider the following with regards to each contract;

13.3.1. Unique supplier ID;

13.3.2. Unique contract ID and description of contract;

13.3.3. Contract type;

13.3.4. Rand value of contract;

13.3.5. Contract duration (start and end date)

13.3.6. Contract classification;

13.3.7. Value for money assessed prior to contract execution, if applicable;

13.3.8. Corrective action required;

13.3.9. Good performance acknowledgement;

13.3.10. Performance rating;

13.3.11. Value of money achieved, if applicable; and

13.3.12. Whether supplier be considered for future contracts?

13.4. Classification of suppliers into the above classes should be reviewed on an annual basis by the Contracts Manager and the representative from Budget and Treasury Department.

13.5. Contract management section must consider the consideration given to continuity of suppliers and buyer staff for appropriate classification.

13.6. Regular contract management review must consider existing and potential strategic relationships with a view to deliver benefits for all relevant parties.

13.7. Contract management section must ensure that communication between the parties is on peer to peer basis, i.e. operational issues should be resolved by staff at the operational level (Project Manager).

13.8. In addition to the elements mentioned above, other factors that encourage the development of a successful relationship include:

13.8.1. Securing senior level support in both the Municipality and service provider;

13.8.2. Recognizing that actions and attitudes affect the tone of the relationship;

13.8.3. Ensuring that the governance arrangements are fair;

13.8.4. Ensuring that roles and responsibilities are clearly understood by both parties and that the necessary authority levels have been ascribed;

13.8.5. ensuring that escalation routes are clear and understood but that problems are resolved as early as possible and as low down the management tree as possible;

13.8.6. Separating strategic matters from the day-to-day service delivery issues;

13.8.7. Ensuring that appropriate attitudes and behavior are practiced and displayed to assist the promotion of a positive and constructive relationship;

13.8.8. Communicating and sharing information at the appropriate level between the organisation and the service provider, for example strategic, business and operational levels and as openly as possible.

14. PERFORMANCE MANAGEMENT

14.1 Performance of the suppliers should be monitored on a regular basis and individual contracts must be managed appropriately for the classification of contract;

14.2 Procedures to assess the performance of suppliers in meeting the requirements of the contract must be clear, well documented and communicated to all parties prior to signing of the contract and commencement of delivery under the contract.

14.3 Baselines, measurement metrics, methods, data sources and collection responsibilities must be agreed with the service provider before contract signing and commencement of delivery.

14.4 Performance measurement metrics must be linked to service delivery agreements which are consistent with the strategic objectives of the Municipality.

14.5 The following performance management measurements must be considered for contracts entered into with contractors;

14.5.1 Site visits in accordance with the requirements of the contracts;

14.5.2 Site meetings with service providers;

14.5.3 Regular performance reviews conducted in accordance with the classification of the service provider and or stakeholder;

14.5.4 Ad-hoc performance reviews conducted where non-performance is identified outside of the regular review process;

14.5.5 In instances where non-performance has been identified, a formal letter advising a specific non-performing areas and stating the remedial action(s) required

within a specific timeframes must be issued to the non-performing service provider, by the Contracts Manager.

14.5.6 General market monitoring for market trends and compared to performance of current service providers.

14.5.7 Performance assessment by the user department.

14.6 When assessing the value for money prior to engagement, Contracts Manager must consider the following;

14.6.1 Prices are within the reasonable limits for the type of goods and services;

14.6.2 Procurement and other procedures were adhered to; and

14.6.3 Previous performance, where applicable.

14.7 When assessing the value for money achieved, Contracts Manage r must consider the performance rating for the contract.

14.8 Contracts management section of the Municipality must assess the performance of the service provider, at the regular interval during the contract life cycle and importantly at the close-out or renewal of contract.

14.9 When assessing the performance of the service providers, buyers or other stakeholders, parties responsible for the performance or lack thereof should be considered.

14.10 When assessing the performance of the service providers, the following broader obligations must be considered;

14.10.1 Compliance with broader legal framework (i.e. health and safety, environment, etc.); and

14.10.2 Compliance with other policy initiatives (i.e. B-BBEE, Proudly South African, etc.).

14.11 Reports on contract management performance should be sorted or grouped in variety of ways and combinations, which should include the following, but not limited to;

14.11.1 Contract category and or type;

14.11.2 Service provider, buyer or other stakeholders; and

14.11.3 User department, Contracts Manager or legal advisors.

14.12 Contract management systems should add value to the Municipality, user department and Contracts management section.

14.13 With regards to the Municipality as a whole, the following metrics should be used to evaluate value of contract management systems to the Municipality;

14.13.1 Total cost of contracting function;

14.13.2 breaches of contract by service providers;

14.13.3 Number and cost of litigations;

14.13.4 Number and severity of issues identified in audits; and

14.13.5 Shorter cycle time for delivery for services (plan-budget-procure-deliver).

14.14 With regards to the User Departments, the following metrics should be used to evaluate the value of contract management systems to the user departments;

14.14.1 % of total spend under contracts;

14.14.2 % of total spend under contracts by contract classification, suppliers;

14.14.3 Suppliers, buyers or other stakeholders with multiple contracts;

14.14.4 Goods and services with multiple suppliers / buyers; and

14.14.5 Survey User Departments, procurement staff, finance, legal services, audit and other internal stakeholders regarding their opinion of

14.14.5.1 Efficiency;

14.14.5.2 User friendliness; and

14.14.5.3 Accessibility of contracts.

14.15 With regards to Contracts management section, the following metrics should be used when evaluation value of contract management system to the Contracts management section;

14.15.1 Average number of contracts managed per contracting professional;

14.15.2 Average number of new contracts executed per contracting professional;

14.15.3 Average number of amendments executed per contracting professional;

14.15.4 Average time to author a new contract (by category);

14.15.5 Average time to negotiate a contract;

14.15.6 Average time to get internal approval to execute a contract;

14.15.7 Average time to execute a contract;

14.15.8 Total cycle time from contract creation to contract execution;

14.15.9 % of contracts with non-standard terms;

14.15.10 % of non-standard contracts not approved;

14.15.11 % of contracts with penalties for non-compliance;

14.15.12 % of contracts with auto renewal clauses;

14.15.13 % of contracts with standard terms and or based on standard template;

14.15.14 % of contractual obligations fulfilled;

14.15.15 lost contracts; and

14.15.16 survey stakeholders regarding their opinion of

14.15.16.1 Efficiency;

14.15.16.2 User friendliness; and

14.15.16.3 Accessibility of contracts.

14.16 As part of the annual review of the contract management policy, the performance of each contract management area, system or set of procedures and processes must be reviewed.

14.17 Contract Management performance should be measured in terms of at least the following;

14.17.1 Efficiencies achieved in reducing total annual contracting costs;

14.17.2 Direct and indirect administrative overheads applicable to contract management activities;

14.17.3 Accuracy and timeliness in recording, filing and accessing contract documentation;

14.17.4 Correct operation of contract management systems (if computerized systems, the software functioning properly);

14.17.5 Accuracy and timeliness of contract management reports;

14.17.6 Compliance with procedures; and

14.17.7 Retraining and / or removal of staff due to procedural breaches.

14.18 Performance reporting should consider the usefulness of the information for decision making.

14.19 Contracts management section should ensure that the performance information is relevant, accurate and timely.

14.20 Inception reports must be completed at inception of the contract and should incorporate the following;

14.20.1 Metrics;

14.20.2 Measurement systems; and

14.20.3 Measurement and reporting format and frequency.

14.21 Inception report must be endorsed by both the contractor and the User department.

14.22 The frequency of reporting must be determined taking into account the following factors;

14.22.1 Classification of the contract for management purposes;

14.22.2 Classification of service providers taking into account the relationship status;

14.22.3 Decision useful information for User Departments and Contracts Managers; and

14.22.4 Material events reported by exception when they occur.

14.23 Monthly performance reports should incorporate the following;

14.23.1 Notification of material events such as contract breaches and service delivery failures;

14.23.2 Action taken or proposed in response to breaches; and

14.23.3 Updates on contracts placed on watch due to previous performance issues.

14.24 Quarterly and mid-year report should encompass the following issues;

14.24.1 Notification of key trigger points and milestones contained in the contracts;

14.24.2 Notification of impending contract end dates;

14.24.3 Notification of contract commencement and impending contract commencements;

14.24.4 Contracts budgeted for and not yet contracted;

14.24.5 Value committed (ordered) and not yet delivered;

14.24.6 Payments to service providers outside of contract terms;

14.24.7 Actions taken as result of contract breaches – summary for the quarter and half-year; and

14.24.8 Actions taken to commend exceptional performance – summary for the quarter and mid-year.

14.25 During both the preparation for annual report and strategic plan and budget, a comprehensive review of the existing, recently completed and proposed contracts should be undertaken.

14.26 Completion reports for contracts entered into with service providers should be prepared to ensure;

14.26.1 Formal evaluation of delivery under the contract;

14.26.2 Overall performance under the contract; and

14.26.3 Cost of service to the Municipality.

15. PREPARATION AND EXECUTION OF SERVICEL LEVEL AGREEMENT

15.1 Service Level Agreements (SLA's) are negotiated agreements designed to create a common understanding about services, priorities and responsibilities and are applicable in two situations.

15.1.1 Firstly, internally used and provided specialist support services; and

15.1.2. Secondly when outsourcing.

15.2. The purpose of SLAs and setting service levels is to enable the Municipality to monitor and control the performance of the service received from the supplier against agreed standards.

15.3. Contracts management section of the Municipality should ensure that service levels are agreed and benchmarked for both the Municipality and suppliers and should be:

15.4. Established at a reasonable level; if they are set too high they will attract additional charges from the supplier;

15.4.2. Prioritised by the customer in order of importance and on an agreed scale for example critical, major, urgent, important, minor, easily monitored, such as objective, tangible and quantifiable;

15.4.3. Unambiguousand understandable by all parties; and

15.4.4. Open to re-negotiation at any time.

15.5. After the appointment of the service provider, a service relationship must be established and a service level agreement must be entered into.

15.6. Contract Management section and SCM unit must ensure that the tender specifications and the minimum terms and conditions as per the bid documentation are included in the service level agreement.

15.7. Contract Manager in conjunction with the Legal Services and user department must ensure that the following are determined for inclusion in the service level agreement;

15.7.2. Performance, tracking and reporting;

15.7.3. Legal compliance;

15.7.4. Third party dependencies;

15.7.5. Subcontractor relationships that service provider may enter into and the terms thereof;

15.7.6. Exclusive relationship with service provider and the circumstances under which a client may engage other service providers;

15.7.7. Service provider's duties and responsibilities

15.7.8. Security and information security;

15.7.9. Timeframes of signing of SLA, i.e. 21 days;

15.7.10. Intellectual property rights and confidential information; and

15.7.11. Conditions for termination of the agreement.

15.8. The Municipal manager or chairperson of the BAC, in conjunction with the user department must co-sign the service level agreement with the service provider.

15.9. **Roles and Responsibilities**

15.9.2. Service provider

15.9.2.1. Must ensure that all requirements as per the SLA are met;

15.9.2.2. Must provide quarterly SLA Compliance Report and other self-assessments to verify compliance

15.9.3. **Contracts Manager.**

15.9.3.1. Verifies service provider's compliance assessments by;

15.9.3.2. Tracking the SLA-related exception reports

15.9.3.3. Reviewing the SLA Monthly Compliance Reports and other self-assessments

15.9.3.4. At its sole discretion, independently verifying the compliance with certain SLAs;

15.9.3.4.1. Resolving each SLA issue that effects the Municipality with the service provider; and

15.9.3.4.2. Escalating the unresolved SLA issues to Municipal manager.

15.9.3.5. Must review the service level agreement, on a regular basis, preferably annually.

15.9.4. **Legal Services**

15.9.4.1. In conjunction with the user department must prepare the service level agreement.

15.9.4.2. In conjunction with the User department must negotiate the terms of the service level agreement with the service provider.

15.9.5. **User department**

15.9.5.1. In conjunction with the Legal Services must prepare the service level agreement.

15.9.5.2. Must vet the service level agreement for relevance and accuracy prior to engaging the service provider.

15.9.5.3. Must negotiate the service level agreement with the service provider in conjunction with the Legal services.

15.10. The original signed SLA must be kept by the Contracts Manager.

15.11. Copies of the SLA must be provided to the user department and the service provider for their records.

15.12. Original version(s) of the service provider's tender documentation including proposal must be maintained by the Supply Chain Management function of the Municipality.

15.13. In addition to the service level agreement, the appointed service provider must be compelled to complete and duly sign the MBD7 form as per the National Treasury guidelines and the documentation must be attached to the proposal maintained by the SCM function of the Municipality.

15.14. The offer and acceptance form (i.e. MBD7 form) must be signed by the appointed service provider and the Municipal manager or delegated official of the Municipality.

15.15. Contract management section of the Municipality must ensure that the SLA Lifecycle comprises of the following six different phases;

15.15.2. Development of service and service templates;

15.15.3. Discovery and negotiation of an SLA;

15.15.4. Service provisioning and deployment;

15.15.5. Execution of the service;

15.15.6. Assessment and corrective actions during execution (parallel phase to execution of the service); and

15.15.7. Termination and decommission of the service.

15.15.8. As a Service Level Agreement can be used in many areas, there are several types of SLA's that can be used, including:

15.15.9. Customer SLA: This is where there is an agreement with an individual customer

15.15.10. Service SLA: This service agreement is for every customer making use of the services being provided

15.15.11. Multi-level SLA: This is a combination of levels with the purpose of addressing multiple sets of customers

15.15.12. Corporate SLA: This covers all Service Level Management (SLM) issues

15.15.13. Customer Level SLA: Covers all SLM issues that apply to a particular group of customers

15.15.14. Service Level SLA: This covers all SLM issues that apply to specific services.

1. ANNEXURE A: ROLES AND RESPONSIBILITIES OF:

1.1 Municipal manager

1.1.1. Municipal manager in his capacity as an Accounting Officer must take all reasonable step as to ensure that the contracts or agreements of the Municipality are properly enforced.

1.1.2. Must ensure that a comprehensive delegations system is in place and that staff with delegated authority have the necessary competence to carry out their tasks and provide appropriate and timely advice.

1.1.3. Regularly report to the Council of the Municipality on the management of contract(s) or agreement(s) and performance of service providers.

1.1.4. Approve the contract variation based on the recommendation of the Contract Manager in consultation with the user department.

1.1.5. Approve the price escalation provided for in the contract based on the commendation of the user department and Contract Manager.

1.1.6. Approve the price escalations not provided for in the contract based on the recommendation of the Contract Manager in consultation with the Chief Financial Officer.

1.2 Contracts Manager:

1.2.1. Contracts Manager is the official responsible for monitoring, regulating and reporting on all contracts related activities.

1.2.2. Must monitor on an on-going basis the financial health, tax compliance and overall performance of the prime and key supplier's.

1.2.3. Must ensure that appropriate systems (manual or computerized) are developed and implemented to ensure proper management control and monitoring of contracts;

1.2.4. With the delegated authority from the Municipal manager, must monitor on a monthly basis the performance of service providers under the contract or agreement.

1.2.5. Responsible for managing the different types of contracts and provide summary and exception reports for each type as part of the contract and performance monitoring.

1.2.6. Prepare a report for the Municipal manager, at least on a quarterly basis, on the performance service providers and on the management of contract or agreement.

1.2.7. Ensure that payments as per general ledger are reconciled to the contract register.

1.2.8. Ensure the contract registers are update for each contract awarded by the Municipality.

1.2.9. Must ensure that he/she clearly understand the contract terms and ramification around keys issues including, termination; warranty; indemnity; security; confidentiality and dispute resolution.

1.2.10. Must submit consolidated report on the performance of contracts or agreement to the Municipal manager within 15 business days after the end of each quarter.

1.2.11. Must ensure that the user(s) and service provider (s) adhere to the terms and conditions of the contract.

1.2.12. Must handle all legal aspects of the contract and/or refer to the relevant department, i.e. Legal Services Department.

SHARED RESPONSIBILITIES

1.2.13. In consultation with the User department must recommend for approval by the Municipal manager the price escalations provided for in the contract.

1.2.14. In consultation with the Chief Financial Officer must recommend for approval by the Municipal manager price escalations not provided for inthe contract.

1.2.15. In consultation with the Project Manager must take appropriate action where a contractor is underperforming or is in default or breach of the contract

1.2.16. In consultation with the user Department must ensure that the inception report is completed at inception of the contract.

1.2.17. In consultation with the Project Manager must ensure that the frequency of reporting is determined.

1.2.18. During both the preparation for annual report and strategic plan and budget, undertake a comprehensive review of the existing, recently completed and proposed in conjunction with the user Department.

1.3 Project Manager:

1.3.1. The Project Manager is responsible for the following activities:

1.3.1.1. Site visits in accordance with the requirements of the contracts;

1.3.1.2. Prepare contractors performance report to the user department and Contract Manager within 5 business days after the end of each month.

1.3.1.3. Ensuring that purchase orders with correct ledger accounts are captured on the financial system in accordance with the pricing schedule;

1.3.1.4. Maintaining adequate records (paper and/or electronic) in sufficient detail on an appropriate contract file to provide an audit trail;

1.3.1.5. Inform the Asset Management section of the location of newly procured assets for asset register and insurance purposes;

1.3.1.6. Where appropriate, authorize payments due in terms of the contract by processing invoices/Goods Received Notes.

1.3.1.7. submit monthly performance reports to the ContractsManager on service providers /suppliers' performance in meeting the terms and condition of the contract (Including price escalation);

1.3.1.8. ensure performance of service provider is managed (Champion) appropriately to the terms and conditions of the contract including establishing and managing of:

1.3.1.8.1. Non-performance is addressed with at least a formal letter advising specific non-performing areas and stating remedial action/s required within specific time frames;

1.3.1.8.2. good performance is recognized and communicated through established channels, and

1.3.1.8.3. All parties participate in joint performance reviews where appropriate, and seek improvement opportunities.

SHARED RESPONSIBILITIES

1.3.2. In consultation with the Contract Manager must ensure that the frequency of reporting is determined.

1.3.3. In conjunction with the user department must prepare a completion report for contracts entered into with service provider.

1.3.4. In consultation with Legal Services must ensure that all the necessary legal formalities in entering into the contract are adhered to.

1.3.5. In consultation with the Contract Manager must take appropriate action where a contractor is underperforming or is in default or breach of the contract;

1.4 User Department:

1.4.1 The user department is responsible for ensuring that the Project Manager is:

1.4.1.1. Assigned to all contract; and

1.4.1.2. Adequately trained so that they can exercise the necessary level of responsibility in the performance of their duties.

1.4.2. The User department must ensure that Project Managers submit suppliers' performance reports to the Manager within 5 business days after the end of each month.

1.4.3. Must submit a consolidated report for their Directorate to the Contracts Manager within 10 business days after the end of each quarter.

SHARED RESPONSIBILITIES

1.4.4. In consultation with the Contract Manager must ensure that the inception report is completed at inception of the contract.

1.4.5. During both the preparation for annual report and strategic plan and budget, must undertake a comprehensive review of the existing, recently completed and proposed in conjunction with the Contract Manager.

1.4.6. In conjunction with the Project Manager must prepare a completion report for contracts entered into with service provider.

1.4.7. In consultation with the Contract Manager must recommend for approval by the Municipal manager the price escalations provided for in the contract.

1.5 User:

1.5.1. The user(s) is responsible for ensuring the following activities;

1.5.1.1. Day to day management of the contract; and

1.5.1.2. ensuring that goods received are in accordance with the terms of the contract and contract timeframes.

1.6 Budget and Treasury Department:

1.6.1. Chief Financial Officer of the Municipality must ensure that adequate budget is available for procurement of any goods and services as per the contract.

1.6.2. Must ensure efficient processing of payments according to the contract(s).

SHARED RESPONSIBILITIES

1.6.3. In consultation with the Chief Financial Officer must recommend for approval by the Municipal manager price escalations not provided for in the contract.

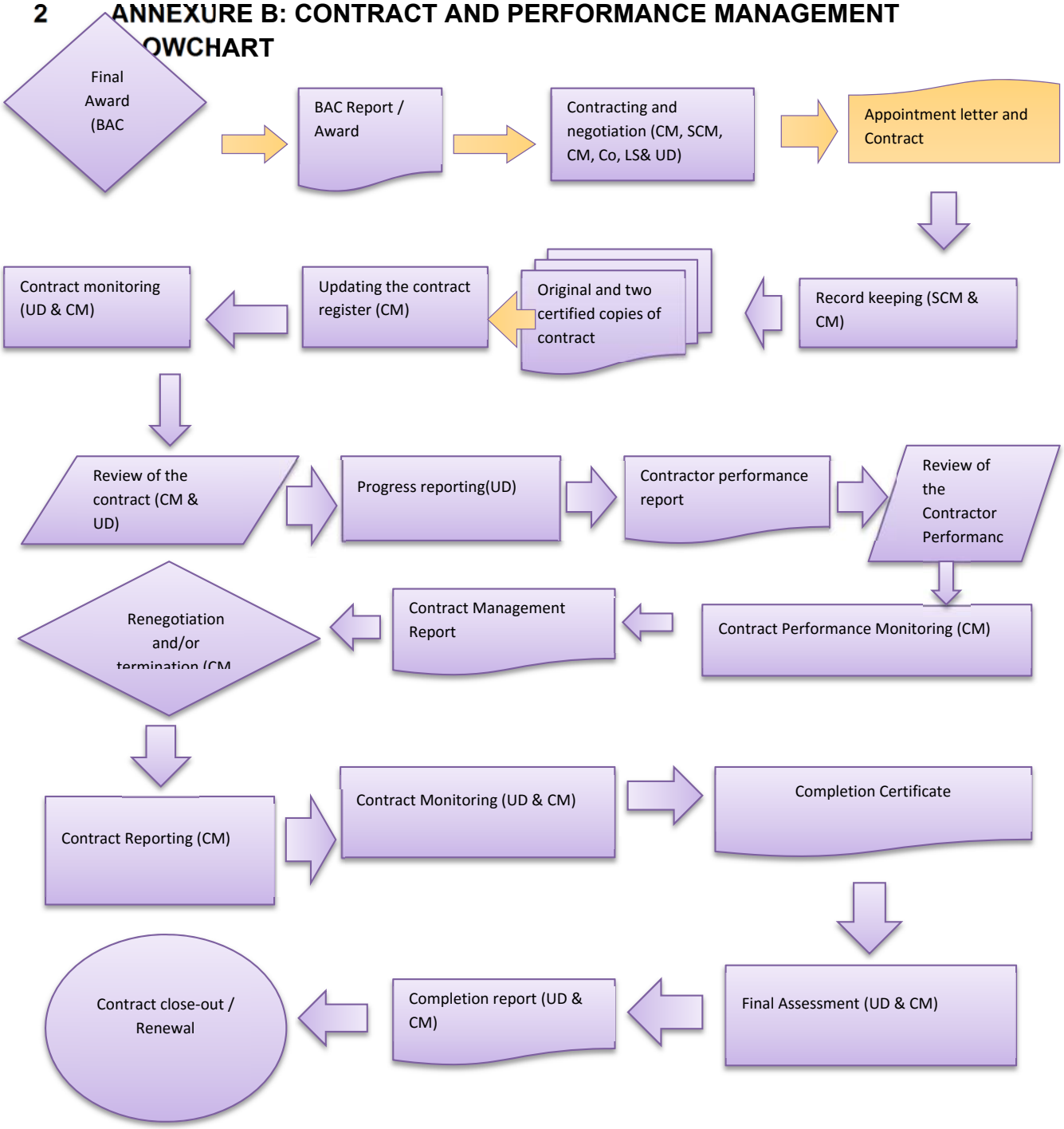
1.7 Legal Services

1.7.1. Must attend to all legal matters pertaining to contracts referred to by the Contracts Manager.

SHARED RESPONSIBILITIES

1.7.2. In consultation with Project Manager must ensure that all the necessary legal formalities in entering to contract are adhered to.

2 ANNEXURE B: CONTRACT AND PERFORMANCE MANAGEMENT OWCHART


Final Award (BAC
BAC Report / Award
Contracting and negotiation (CM, SCM, CM, Co, LS& UD)
Appointment letter and Contract
Record keeping (SCM & CM)
Original and two certified copies of contract
Updating the contract register (CM)
Contract monitoring (UD & CM)
Review of the contract (CM & UD)
Progress reporting(UD)
Contractor performance report
Review of the Contractor Performanc
Contract Performance Monitoring (CM)
Contract Management Report
Renegotiation and/or
Contract Reporting (CM)
Contract Monitoring (UD & CM)
Completion Certificate
Final Assessment (UD & CM)
Completion report (UD & CM)
Contract close-out / Renewal

3. ANNEXURE C: “CONTRACT LIFE CYCLE CHECKLISTS”

The diagram below illustrates how the Contract Management Framework (CMF) encompasses the Contract Life Cycle (CLC). For each stage of the CLC an example checklist is provided. As you apply each checklist in the institution, ensure that all components of the CMF have been considered and the relevant policies and procedures are in place.

Checklist - Planning

- Strategic planning and budgeting processes provide for review of contracts
- Existing contracts continuing through or concluding during the budget year
- Proposed contracts commencing in the budget year
- Advance planning for contracts required in future years
- Operational plans developed at budget time specify contracting requirements
- Suppliers, buyers, stakeholders identified – refer to relationship management framework
- Time frames specified for
- Creation
- Collaboration
- Execution and commencement
- Reviews
- Closeout / renewal
- Objectives of each contract linked to strategic objectives of the institution
- Communication to relevant internal and external stakeholders regarding contracting requirements
- Link to annual procurement plan on the purchasing side
- Link to annual sales and distribution plan on the sales side

- Strategic planning and budgeting processes provide for review of contract management function
- Issues identified during year and from AFS and Annual Report
- Contract management policies and procedures
- Identification and classification
- Recognition, measurement and disclosure
- Planning budgeting and reporting
- Oversight
- Resourcing contract management
- Document and information management
- Relationship management
- Performance management
- Payment, collection, incentives and penalties
- Risk management

Checklist - Creation

- Contract ID assigned
- Contract classification for management purposes
- Budget, implementation and in-year monitoring structures in place
- Contract oversight structures in place
- Supplier / buyer / stakeholder induction completed
- Contract manager appointed
- Steering group and other advisory and oversight structures in place
- Handover from bid and award stage to contract management
- Contract management plan in place
- Contract management resources appropriate for classification
- Contract documentation systems in place

- Original signed hard copy contract on file
- Electronic copy of original signed contract on file (PDF)
- Key information and trigger points recorded in the contract management system

- Appropriate supplier relationship structures in place
- Roles and responsibilities of supplier, contract owner, and contract manager defined
- Formal and informal communication channels clear
- Conflict resolution mechanisms and escalation routes identified
- Regular meeting dates set (monthly / quarterly / annually)

- Performance management systems in place
- Performance management processes and metrics agreed with stakeholders prior to contract commencement
- Performance measurement metrics consistent with institution's strategic objectives
- Performance reviews set (monthly / quarterly / annually) and documentation defined

- Payment, collection, incentive and penalty systems in place
- Payment or collection processes and remedial action understood by all parties
- Incentive or penalty provisions linked to outcomes and strategic objectives of institution
- Risk management plan in place
- Risk identification, and assessment completed
- Potential risk response documented
- Risk management plan is in line with institution wide Risk Management Plan

Checklist Collaboration

- Parties for collaboration are appropriate
- Contract owner
- Legal

- Finance
- Risk management
- Audit
- Insurance
- External parties to contract
- Timeframes for collaboration take into consideration operational deadlines for service delivery
- Version and change control is maintained in an efficient manner
- Delivery mechanisms are appropriate

Checklist - Execution

- Signing parties (including witnesses) are aware of timing and availability requirements well in advance
- Required collaboration is complete and execution is in line with agreed terms and conditions
- Legal requirements are in order
- Execution and final terms and conditions communicated to all relevant internal and external parties
- Contract owner
- Contract manager / administrator
- External parties to contract
- Executed documents appropriately filed

Checklist-Administration

- Maintenance of Contracts Inventory
- Stakeholder ID (e.g. supplier or buyer ID and name)
- Contract ID, and description
- Contract value (total and annualised)

- Contract duration
- Classification for management purposes and appropriate management intervention required
- Oversight
- Resources
- Document and information management
- Relationship management
- Performance management
- Payment, collection, incentives and penalties
- Risk management
- Stakeholders to receive reports
- Frequency of review and reporting
- Reporting requirements defined including documentation format and information content
- Contracts likely to give rise to contingent assets or liabilities
- Recently closed contracts
- Recently renewed contracts
- Impending contract commencement
- Key trigger points
- Tax clearance maintained and other statutory and compliance requirements
- Risk management issues
- Performance issues by exception (good and poor)

Checklist – Closeout/Renew

- Contract ID, description and classification
- Contract closeout
- Early termination

- Normal termination
- Contract renew
- Auto renew
- Competitive process
- Other
- Deliverables reviewed (actual v budget)
- Quantities
- Prices
- Total values
- Timeliness of delivery
- Service levels or specifications
- Performance review completed
- Performance rating (1 – 5)
- Value for money achieved (Y/N)
- Considered for future contracts (Y/N)
- Relationship management framework informed
- Change supplier, buyer or other stakeholder
- Future budgets informed
- Risk management plan informed

EFFECTIVE DATE

The policy shall come to effect upon approval by Council.

16. POLICY ADOPTION

This policy has been considered and approved by the COUNCIL OF ENOCH MGIJIMJA LOCAL MUNICIPALITY as follows:

Approval Date: 29/05/2018

_____

Acting Municipal Manager

D. van Wyk

ENOCH MGIJIMA LOCAL MUNICIPALITY

ENOCH MGIJIMA
LOCAL MUNICIPALITY

REVIEWED

VIREMENT POLICY

(TRANSFER OF FUNDS)

PREAMBLE

WHEREAS the Municipal Finance Management Act (MFMA) aims to enable managers to manage, the virement policy makes them more accountable by introducing regular and consistent reporting requirements. The challenge facing all the role-players is to improve the efficiency and effectiveness of the municipality through the best use of management information.

This policy assists management in complying with the MFMA and ensures that financial information is correctly recorded in the financial system.

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DEFINITIONS

Act

" - means the Municipal Finance Management Act (MFMA), 2003 (Act No. 56 of 2003)

Accounting Officer (MFMA)

"- (a) in relation to a municipality, means the municipal official referred to in section 60; or…"

Approved Budget (MFMA)

" - means an annual budget -

(a) approved by a municipal council; or

(b) approved by a provincial or the national executive following an intervention in terms of section 139 of the Constitution, and includes such an annual budget as revised by an adjustments budget in terms of section 28;"

Chief Financial Officer

"means the officer of the Enoch Mgijima Local Municipality designated by the Municipal manager to be administratively in charge of the budgetary and treasury functions."

Financial year/Budget year

The 12 month period between 1 July and 30 June.

Vote (MFMA)

(a) one of the main segments into which a budget of a municipality is divided for the appropriation of money for the different departments or functional areas of the

municipality; and which specifies the total amount that is appropriated for the purposes of the department or functional area concerned."

In the case of the Enoch Mgijima Local Municipality the definition of Vote is defined in terms of National Treasury GFS functions.

GFS – Government Finance Statistics.

In order to facilitate comparisons, GFS functions provide a reasonably high level grouping of related service delivery activities for Local Government.

Refer definitions as prescribed by National Treasury in terms of MFMA Circular no. 12 – Definition of a "vote" in MFMA.

M SCOA means Municipal Standard Chart of Accounts

Operating Cost Centres

is defined as the various expenditure departments that the Local Municipality has been distributed into and against which expenditure is allocated in the financial system.

Line item

is defined as various items which reflect the budget/costs of the municipality in terms of its activities

Virement

The process of transferring an approved budgetary provision from one operating cost centre to another within a vote during a municipal financial year and which results from changed circumstances from that which prevailed at the time of the approved budget.

Overspending (MFMA)

"(a) in relation to the budget of a municipality, means causing the operational or capital expenditure incurred by the municipality during a financial year to exceed the total amount appropriated in that year's budget for its operational or capital expenditure, as the case may be;

(b) in relation to a vote, means causing expenditure under the vote to exceed the amount appropriated for that vote; or

(c) in relation to expenditure under section 26, means causing expenditure under that section to exceed the limits allowed in subsection (5) of that section;"

Unauthorized expenditure (MFMA)

"in relation to a municipality, means any expenditure incurred by a municipality otherwise than in accordance with section 15 or 11(3) of the MFMA"

Any other word or expression to which a meaning has been assigned in the Municipal Finance Management Act, Act No 56 of 2003, and the Local Government Municipal Systems Act, Act No. 32 of 2000, unless inconsistent with the context shall, wherever such word or expression appears in the policy, bear the same meaning as that assigned to it in the said legislation.

LEGISLATIVE FRAMEWORK

Section 81(1)(d) of the Act states inter alia that "The chief financial officer of a municipality -… must advise senior managers and other senior officials in the exercise of powers and duties assigned to them in terms of section 78 or delegated to them in terms of section 79;"

2.2 Section 78(1)(b) of the Act states inter alia that “Each senior manager of a municipality and each official of a municipality exercising financial management responsibilities must take all reasonable steps within their respective areas of responsibility to ensure - … (b) that the financial and other resources of the municipality are utilised effectively, efficiently, economically and transparently;”

2.3 National Treasury has issued Municipal Budget and Reporting Regulations in terms of Government Gazette Number 32141 dated 17 April 2009. These regulations set out the manner in which Municipalities are required to report their annual, monthly, mid-year and adjustments Budgets.

The objectives of the budget formats reforms in terms of these regulations are:

To ensure that the municipal budget and financial reporting formats support the other financial management reforms introduced by the Act;

To formalise the norms and standards governing municipal budget and financial reporting formats, so as to improve the credibility, sustainability, transparency, accuracy and reliability of budgets and in-year reports of municipalities.

To improve Council’s ability to deliver basic services to all by addressing issues of financial sustainability;

To facilitate informed policy choices by Council and medium term planning of service delivery by aligning targets to achieve backlog elimination.

2.4 MFMA Circular No 51 (Dms 633560) issued on 19 February 2010 states that each municipality must put in place a Council approved Virement Policy, which should provide clear guidance to managers of when they may shift funds between items, projects, programmes and votes.

OBJECTIVES OF THIS POLICY

3.1. To allow limited flexibility in the use of budgeted funds to enable management to act on occasions such as disasters, unforeseen expenditure or savings, etc. as they arise to accelerate service delivery in a financially responsible manner.

3.2 The Chief Financial Officer has a statutory duty to ensure that adequate policies and procedures are in place to ensure an effective system of financial control. The Municipality's virement policy and its underlying administrative process within the system of delegations is one of these controls.

3.2 It is the responsibility of each Head of Department to which funds are allocated, to plan and conduct assigned operations so as not expend more funds than budgeted and to ensure that funds are utilised effectively and efficiently.

3.3 This policy aims to provide guidelines to management in the use of virement as a mechanism in their day-to-day management of their budgets. In addition it specifically aims to empower Head of Departments with an efficient financial – and budgetary system to ensure optimum service delivery within the current legislative framework of the Act and the municipality's system of delegations.

APPLICATION OF THE POLICY

4.1 This policy applies only to transfers between line items within votes of the Municipality's budget.

4.2 Section 28(2) (d) read together with section 69 of the MFMA provides that "An adjustments budget…may authorise the utilisation of projected savings in one vote towards spending in another vote." Transfers between votes may therefore be authorised only by the Council of the Municipality.

4.3 For ease of reference, the definition of “vote” as contained in Section 1 of the MFMA is set out hereunder:

“vote means –

one of the main segments into which a budget of a municipality is divided for the appropriation of money for the different departments or functional areas of the municipality; and

which specifies the total amount that is appropriated for the purposes of the department or functional area concerned.”

4.4 Any deviation from or adjustment to an annual budget or transfer within a budget which is not specifically permitted under this policy or any other policy may not be performed unless approved by the Council through an adjustment budget.

BUDGET REGULATIONS

The Act regulates as follows regarding the incurring of expenditure against budgetary provisions.

5.1 Section 15 of the Act – Appropriation of funds for expenditure

“A municipality may, except where otherwise provided in this Act, incur

expenditure only -

in terms of an approved budget; and

within the limits of the amounts appropriated for the different votes in an approved budget.”

5.2 Section 28 of the Act – Municipal Adjustments Budget

“A municipality may, revise an approved annual budget through an adjustments budget.

5.3 Unauthorised Expenditure

As defined and includes -

(a) overspending of the total amount appropriated in the municipality's approved budget;

(b) overspending of the total amount appropriated for a vote in the approved budget;

expenditure from a vote unrelated to the department or functional area covered by the vote;

expenditure of money appropriated for a specific purpose, otherwise than for a specific purpose;

(e) spending of an allocation referred to in paragraph (b), (c) or (d) of the definition of "allocation" otherwise than in accordance with any conditions of the allocation; or

(f) a grant by the municipality otherwise than in accordance with this Act;”

5.4 Section 71 (1)(g)(iii) states inter alia “(1) The accounting officer of a municipality must by no later than 10 working days after the end of each month submit to the mayor of the municipality and the relevant provincial treasury a statement in the prescribed format on the state of the municipality's budget reflecting the following particulars for that month and for the financial year up to the end of that month:…(g) when necessary, an explanation of- …(iii) any remedial or corrective steps taken or to be taken to ensure that projected revenue and expenditure remain within the municipality's approved budget….”

5.5 Section 72 (3)(a) states inter alia “The accounting officer of a municipality must assess the performance during the first half of the financial year, taking into account:-...(3)(a) make recommendations as to whether an adjustments budget is necessary and (b) recommend revised projections for revenue and expenditure …”

5.6 MFMA Circular No 51 guides Municipalities on what principles should be incorporated into the municipal virement policies:

5.6.1 Virements should not be permitted in relation to the revenue side of the budget;

5.6.2 Virements between votes should be permitted where the proposed shifts in funding facilitate sound risk and financial management (e.g. the management of central insurance funds and insurance claims from separate votes);

5.6.3 Virements from the capital budget to the operating budget should not be permitted;

5.6.4 Virements towards personnel expenditure should not be permitted;

5.6.5 Virements to or from the following items should not be permitted: bulk purchases; debt impairment, interest charges; depreciation, grants to individuals, revenue foregone, insurance and VAT;

5.6.6 Virements should not result in adding 'new' projects to the Capital Budget;

5.6.7 Virements of conditional grant funds to purposes outside of that specified in the relevant conditional grant framework must not be permitted; and There should be prudent limits on the amount of funds that may be moved to and from votes and sub-votes, and in the event that this limit is exceeded Council approval be obtained prior to virement.

VIREMENT PROCESS

6.1 The virement process represents the major mechanism to align and take corrective (financial / budgetary) action within a vote during a financial year.

6.2 In order for a "vote" to transfer funds from one cost centre to another cost centre, a saving has to be identified within the monetary limitations of the approved "giving" cost centre or capital project allocations on the respective budgets.

6.3 Sufficient, (non-committed) budgetary provision should be available within the "giving" vote's cost centre concerned to give effect to the budgetary transfer (virement). In addition, the transferring function must clearly indicate to which cost centre or capital project the budget provision will be transferred to and provide a clear motivation for the transfer.

6.4 Any budgetary amendment of which the net impact will be a change to the total approved annual budget allocation and any other amendments not covered in this policy are to be considered for budgetary adoption via an adjustments budget as set out in terms of Act Section 28 and the Municipal Budget and Reporting Regulations.

6.5 In terms of Section 17 of the Act a municipality's budget is divided into an operating and capital budget and consequently no Virements are permitted between Operating and Capital Budgets.

6.6 Virements are not permissible across, or between, votes unless adopted via an Adjustment budgets as set out in terms of Act Section 28 and the Municipal Budget and Reporting Regulations.

6.7 Virements across votes will only be allowed at year-end at the discretion of the Chief Financial Officer in order to ensure accurate reporting in financial statements.

6.8 Virements are not allowed to utilise special purpose budgetary allocations, adopted by Council as such and to which specific Council recommendations apply (e.g. budget strategy for growth in repairs and maintenance provisions) and which result from specific resolutions adopted when adopting the budget, as virement sources.

6.9 Sound motivations should be provided for all virements.

6.10 Specific virement limitations:

6.10.1 To the extent that it is practical to do so, transfers within the first three months and the last month of the financial year should be avoided.

6.10.2 No virements are permitted to and from Grants and Subsidies Paid, except if supported by Council decision for such transfer and as per the approved Grants-in-Aid Policy.

6.10.3 Virements towards personnel expenditure including Councillors remuneration is not be permitted unless adopted via an Adjustment Budget.

6.10.4 No virements are permitted to and from the following expenditure items:

Bulk Purchases

Debt Impairment

Interest Charges and Depreciation

Employee Related costs

Indigent Relief and Revenue Forgone

Insurance

Departmental Charges

6.10.5 No virements are permitted to the following expenditure item:

Entertainment

6.11. No virements will be approved on any Revenue element. Revenue provisions' amendments are to be adopted via an adjustments budget.

6.12 As Council approves a detailed Capital Budget by individual project virement are permitted between capital projects.

6.13 No virements of which the affect will be to add “new” projects onto the Capital Budget, will be allowed unless Council approval is obtained via adjustment budget.

6.14 Virements may not cause an increase to individual projects’ total project cost unless Council approval is obtained.

6.15 Virements must be between projects of similar funding sources.

6.16 Implementation of the project from which funds are viremented may not be prejudiced (i.e. must not hinder completion of the project).

6.17 Motivations for virements should clearly state the reason for the saving within the “giving” project, as well as the reason for the additional amount required.

7.1 A transaction in m SCOA relates to six regulated segments, therefore all segments must be considered when making a virement. All votes are aligned to the function segment and indicate the funding applicable to the item being transferred in relation to the funding segment.

7.2 With the implication of the m SCOA, virements can only take place within a function or sub – function and the same source of funding. The creation of new projects or savings across functions can only take place through an adjustment budget.

7.3 Virements cannot be allowed from the repairs and maintenance projects in the project segment.

8.0 ACCOUNTABILITY

1. Approval of virement lies with the Chief Financial Officer or such other senior delegated officials in Financial Services Department.

COMPLIANCE AND ENFORCEMENT

a) Violation of or non-compliance with this policy will give a just cause of disciplinary steps to be taken.

b) It will be the responsibility of the Municipal Manager to enforce compliance with this policy.

EFFECTIVE DATE

The policy shall come to effect upon approval by Council.

POLICY ADOPTION

This policy has been considered and approved by the COUNCIL OF ENOCH MGIJIMALOCAL MUNICIPALITY as follows:

Approval Date: 29/05/2018

_____

Acting Municipal Manager

D. van Wyk

ENOCH MGIJIMA LOCAL MUNICIPALITY

ENOCH MGIJIMA
LOCAL MUNICIPALITY

REVIEWED

ASSET MANAGEMENT POLICY

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DEFINITIONS

Asset Categories: Means asset categories defined by GRAP 17.

Infrastructure assets: Are defined as any asset that is part of a network of similar assets. It is specialised in nature and does not have an alternative use. It is immovable and may be subject to constraints on disposal.

Heritage assets: Grap 103 defines heritage assets as assets which have a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held indefinitely for the benefit of present and future generations.

Community assets: Are defined as any asset that contributes to the community's wellbeing, eg. parks, libraries and fire stations

Investment assets: Are defined as properties (land or buildings) that are acquired for economic and capital gains. Examples are office parks and undeveloped land acquired for the purpose of resale in future years

Intangible assets: Are defined as identifiable non-monetary assets without physical substance

Other assets: Are defined as assets utilised in normal operation, eg. plant and equipment, motor vehicles and furniture and fittings

Capitalisation: Is the recognition of expenditure as an Asset or Inventory item in the Asset Register

Carrying amount: Is the amount at which an asset is included in the Statement of Financial Position after deducting any accumulated depreciation thereon

CFO: Chief Financial Officer

Cost Is the amount of cash or cash equivalent paid or the fair value of the consideration given to acquire an asset at the time of its acquisition or construction plus costs incidental to the acquisition or acquirement. Also known as historical cost/value

Cost of acquisition: Are all the costs incurred in bringing an item of plant, property or equipment to the required condition and location for its intended use

Deemed cost: is a surrogate value for the cost or fair value of an asset at its initial acquisition, and is determined by reference to the fair value of the asset at the date of adopting the Standards of GRAP measurement date).

Deferred maintenance : Is the extent of preventative maintenance that has not been performed

Depreciation: Is the systematic allocation of the depreciable amount of an asset over its useful life

Depreciable amount: Is the cost of an asset, or the other amount of an asset, or other amount substituted for cost in the financial statements, less its residual value

Fair value: Is the amount for which an asset could be exchanged between knowledgeable willing parties in an 'arms length' transaction

Fixed asset register: Is the controlled register recording the financial and other key details for municipal assets recognized in accordance with this policy

Finance Lease: A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of an asset. Title may or may not eventually be transferred. An operating lease is a lease other than a finance lease

GRAP: Generally Recognised Accounting Practice

IAS International Accounting Standards

Impairment: is a a loss in the future economic benefit or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation

PPE - Property, plant and equipment Are tangible assets that (a) Are held by a municipality for use in the production of goods and services, for rental to others, for administrative purposes; and

(b) are expected to be used more than one reporting period

Recognition : the cost of an item of PPE shall be recognized as an asset only if:

It is probable that future economic benefits or service potential associated with the item will flow to the entity; and The cost or fair value of the item can be measured reliably

Recoverable amount: Is the amount that the municipality expects to recover from the future use of an asset, including its residual value on disposal

Replacement value: Is the amount which is needed in current terms to replace an asset

Residual value Is the net amount that the municipality expects to obtain for an asset at the end of its useful life after deducting the expected costs of disposal

Stewardship: Is the act of taking care of and managing property, plant or equipment on behalf of others

Useful life a) The estimated period of time over which the future economic benefits or future service potential embodied in an asset are expected to be consumed by the municipality, or b) The estimated total service potential expressed in terms of production or similar units that is expected to be obtained from the asset by the municipality.

LEGISLATIVE FRAMEWORK

The statutory framework for this policy is:

The Constitution of the Republic of South Africa, 1996

Municipal Systems Act, 2000

Municipal Finance Management Act, 2003.

The Constitution's prime mandate for Local Government is that services are

provided in a sustainable manner. (Section 152)

The MSA in sections 4(2)(d) states that a municipality has the duty to -

strive to ensure that municipal services are provided to the local community in a financially and environmentally sustainable manner

Local Government Capital Asset Management Guideline (LGCAMG). Some of the following directives applicable to this policy are as follows:

GRAP 11 on Construction Contracts.

GRAP 12 on Inventories

GRAP 13 on Leases

GRAP 16 on Investment Properties

GRAP 17 on Property, Plant & Equipment (PPE)

GRAP 21 on Impairment of Non-cash-generating Assets

GRAP 26 on Impairment of cash-generating Assets

GRAP 27 on Agriculture

GRAP 31 Intangible assets

GRAP 103 Heritage assets

PREAMBLE

Asset Management Policy is essential to ensure effective and efficient acquisition and utilization of public monies and accountability thereof is heavily dependent upon accurate recording and accounting. The purpose of the Asset Management Policy is to ensure that assets owned by Enoch Mgijima Municipality are managed, controlled, safeguarded and used in an efficient and effective manner. Asset Management Policy is essential to ensure effective and efficient acquisition and utilization of public monies and accountability thereof is heavily dependent upon accurate recording and accounting. This policy is necessary to facilitate the effective management, control and maintenance of the assets of the Municipality.

The objectives of the Asset Management Policy are to ensure that the assets of the Municipality are properly managed and accounted for.

PURPOSE

The purpose of the Asset Management Policy is to ensure that assets owned by Enoch Mgijima Municipality are managed, controlled, safeguarded and used in an efficient and effective manner.

SCOPE OF APPLICABILITY

This policy applies to all employees of the Enoch Mgijima Municipality and any person employed by the municipality in a temporary or contractual capacity.

POLICY OBJECTIVES

The objective of this policy is to:

To ensure the effective and efficient control, utilization, safeguarding and management of the Enoch Mgijima property, plant and equipment are achieved.

To ensure that the Functional Heads are aware of their roles and responsibilities regarding property, plant and equipment.

To set out the standards of physical asset management, recording and internal controls to ensure property, plant and equipment are safeguarded against loss and/or inappropriate utilisation.

To specify the processes required for acquisition, transfer and disposal of assets.

Asset Management Strategy

The goal of asset management is to achieve the required level of service in the most cost effective manner, which is achieved through management of the asset's life cycle.

To be effective, asset management in municipalities should include the following:

Service level needs, identified in the IDP process, drive asset management practices and decision-making;

Asset management plans that are an integral part of the municipal planning process;

Asset acquisition decisions that are based upon the evaluation of alternatives, including demand management and non-asset solutions;

Asset acquisition proposals that include a full business case, including costs, benefits and risks across each phase of an asset's life cycle;

Defined responsibility and accountability for performance, safe custody and use.

Disposal decisions based upon an analysis of disposal options, designed to achieve the best possible return for the municipality and made in accordance with the provisions of the MFMA;

Sound risk-based internal controls supporting all asset management practices.

Key Strategy Principles

Effective asset management will:

Maximise the service potential of existing assets by ensuring that they are appropriately used; maintained, safeguarded and that risks are mitigated;

Optimise the life cycle costs of owning and using these assets by seeking cost-effective options throughout an asset's life cycle;

Reduce the demand for new assets through optimal use of existing assets and management of demand through the use of non-asset service delivery options; and

Establish clear lines of accountability and responsibility for performance.

Enoch Mgijima is working towards adopting a fully integrated approach to asset management:

Taking the municipal strategy, converting that into an asset management strategy and producing plans based upon an analysis of service delivery options;

Formulating an asset management strategy consisting of detailed plans for acquisitions and replacements, operation and maintenance as well as disposals in terms of the municipality's policies;

Informing the IDP (and revised IDP) and then the annual budget, using the detailed plans;

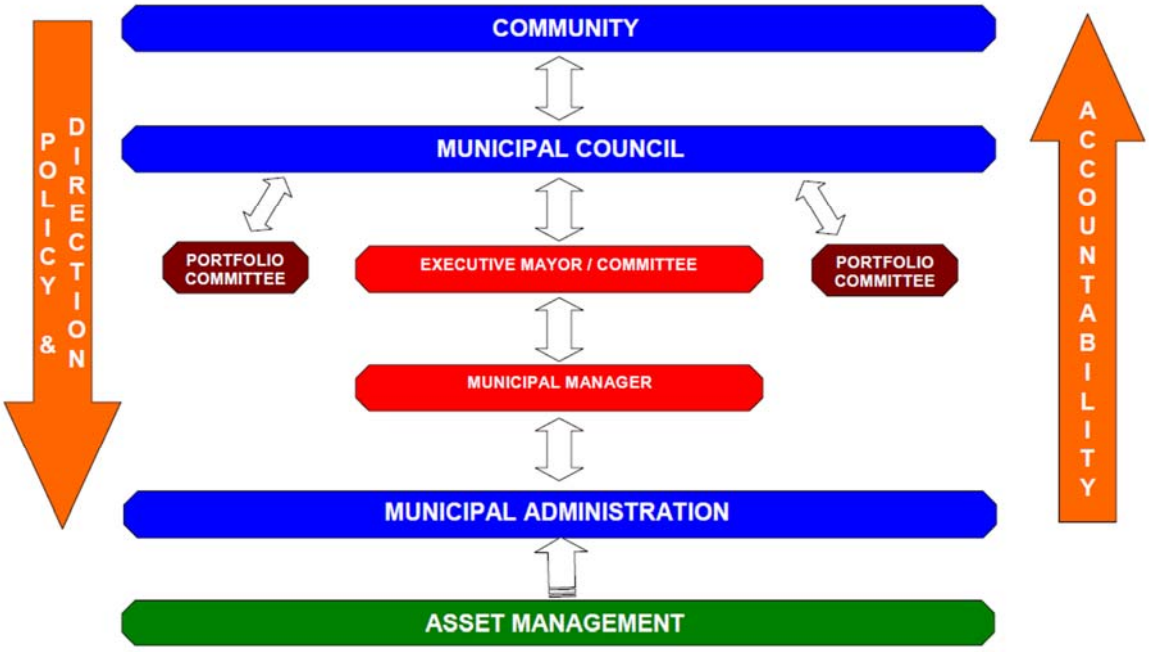
Funding each approved asset management plan appropriately through the budget;

including in the Service Delivery and Budget Implementation Plan (SDBIP) the measurable objectives and targets of each asset management plan;

Reporting on the performance of assets as measured in terms of service delivery based upon an approved SDBIP, budget and IDP.

Roles & Responsibilities

Enoch Mgijima has a clear and up-to-date system of delegations and accountability within the administration, and between the administration and municipal council. The council is ultimately accountable to the wider community. The municipality has clear monitoring and reporting lines between asset managers, senior managers, municipal manager, executive mayor and municipal council.



The Council must:

Approve the temporary and/or permanent transfer of all moveable assets exceeding approved limits, as stipulated in the “Powers of Delegation” of the municipality and

Approve the writing-off, disposal of obsolete or redundant assets.

Role of the Municipal Manager (MM)

The Municipal Manager shall ensure that the Municipality maintains an asset identification system, which shall be operated in conjunction with its computerized assets register.

The identification system shall be determined by the Municipal Manager, acting in consultation with the CFO and other Heads of Departments, and shall comply with any legal prescriptions, as well as any recommendations of the Auditor General as indicated in the Enoch Mgijima Municipality's audit report(s), and shall be decided upon within the context of the Enoch Mgijima Municipality's budgetary and human resources.

Every Functional Head shall ensure that the asset identification system approved for the Enoch Mgijima is meticulously applied in respect of all assets controlled or used by the Department in question.

As the accounting officer of the Municipality (section 63 of the MFMA), the Municipal Manager shall be the principal custodian of all the Municipality's assets, and shall be responsible for ensuring that the asset management policy is meticulously applied and adhered to.

The Municipal Manager must ensure that:

the municipality has and maintains a management, accounting and information system that accounts for the assets of the municipality;

the municipality's assets are valued in accordance with standards of generally recognised accounting practice;

the municipality has and maintains a system of internal control of assets, including an asset register; and

Senior managers and their teams comply with this policy and that this asset management policy is reviewed annually. The municipality has and maintains a management, accounting and information system that accounts for the assets of the municipality;

The municipality's assets are valued in accordance with standards of generally recognized accounting practice;

The municipality has and maintains a system of internal control of assets, including an asset register; and

The senior managers and their teams comply with this policy.

In consultation with the asset managers, he approves the temporary or permanent transfer of a movable asset between departments as determined in the "Delegation of Authority to officials of the Enoch Mgijima Municipality".

Role of the Chief Financial Officer (CFO)

The CFO is responsible to the municipal manager for ensuring that the financial investment in the municipality's assets is safeguarded and maintained.

The CFO must ensure that:

Appropriate systems of financial management and internal control are established and carried out diligently;

The financial and other resources of the Municipality are utilized effectively, efficiently, economically and transparently;

Any unauthorized, irregular or fruitless or wasteful expenditure, and losses resulting from criminal or negligent conduct, are prevented;

The systems, processes and registers required to substantiate the financial values of the municipalities' assets are maintained to standards sufficient to satisfy the requirements of the Treasury and the Auditor General;

Financial processes are established and maintained to ensure the Municipality's financial resources are optimally utilized through appropriate asset plan, budgeting, purchasing, maintenance and disposal decisions;

The Municipal Manager is appropriately advised on the exercise of powers and duties pertaining to the financial administration of assets;

The senior managers and senior management teams are appropriately advised on the exercise of their powers and duties pertaining to the financial administration of assets;

The CFO may delegate or otherwise assign responsibility for performing these functions but will remain accountable for ensuring that these activities are performed.

Asset Management Section (AMS)

This section consists of officials that operate at corporate level and some deployed within the finance and asset management section. The officials in this section are not accountable for physical assets dedicated to the Functional Head's or Asset Users.

Some critical duties of AMS include the following tasks:

Maintain the asset register by recording all asset acquisitions purchased by ENOCH MGIJIMA MUNICIPALITY.

Maintain asset the audit evidence for items recorded on the asset register.

Perform asset verification, annually for movable assets and over three years for immovable assets.

Conduct, manage and facilitate an asset disposal process annually.

Facilitate and manage the transfer of ENOCH MGIJIMA MUNICIPALITY's assets; internally between the various units (sections) and end-users, as well as between external government bodies

Facilitate and manage auctioning of ENOCH MGIJIMA MUNICIPALITY's assets, and/or asset donations etc.

Capture and maintain accurate records and asset information on ENOCH MGIJIMA MUNICIPALITY's financial management system.

Maintain and adhere to the internal controls enforced by the CFO and senior management

Maintain and adhere to the statutes stipulated by National Treasury in terms of best practise asset management accounting

Heads of Departments (Functional Heads)

Functional Heads must ensure that:

The appropriate internal controls (including asset internal control processes) are established and carried out for assets in their area of responsibility.

The municipal assets assigned to them are utilized effectively, efficiently, economically and transparently.

Any unauthorized, irregular, fruitless or wasteful utilization, and losses resulting from criminal or negligent conduct, is prevented.

The management controls that they implement and enforce can provide an accurate, reliable and up-to date account of assets under their control.

They are able to justify that their asset plans, budgets, purchasing, maintenance and disposal decisions optimally in order achieve the Municipality's strategic objectives.

They nominate officials to support the Asset Management Unit to perform physical verification, stocktaking of assets.

The Functional Head may nominate officials who shall safeguard the assets on their behalf, but they shall remain accountable for ensuring that these activities are performed.

Every Functional Head is, in terms of the employment contract, directly responsible for the physical safekeeping of any asset controlled or used by the Department in question.

In exercising this responsibility, every Functional Head shall adhere to all written directives issued by the Municipal Manager to the Department in question, or generally to all

Departments, regard the control of or safekeeping of the ENOCH MGIJIMA MUNICIPALITY's assets.

Every Functional Head shall ensure that any incident of loss, theft, destruction, or material impairment of any asset controlled or used by the Department in question is promptly reported in writing to the CFO, to the internal auditor and in cases of suspected theft or malicious damage, also to the South African Police Service.

Asset Control Committee (ACC)

Finance Committee will serve as Asset Control Committee (ACC) which will be responsible only in an advisory capacity to assist the Asset Management Section with the formulation of policy, procedures and updating of the Asset Management Policy and Procedures Manual.

The committee meets quarterly, and as and when necessary.

Functional Heads must forward details of asset/s loss/es or damage/s to the Asset Control Committees for further investigation.

Asset Users

Listed below are the responsibilities of all ENOCH MGIJIMA MUNICIPALITY's officials utilising or entrusted with assets:

Each user is responsible for the assets under their control, allocated to/used by them in the performance of their duties.

Each user must sign an asset inventory list (movable assets list) containing the barcoded assets allocated to them. These lists must be visibly displayed for audit purposes, preferable at the back of the doors. The Asset Management Unit must keep copies of the movable assets lists.

Asset users are prohibited to move/transfer assets from the location recorded in the asset register without proper authorisation from the Asset Management Unit.

Each user must take all reasonable precautions to protect their assets against losses and/or damage.

Each user must maintain or take steps to maintain their assets for their useful life. Users must check and verify their physical assets against their assets lists regularly and ensure that changes in physical assets in their possession are updated in their assets lists.

Any damage to the asset items must be immediately reported to superiors as well as to Asset Management Unit who will advise on the appropriate steps to be taken in relevant incidents.

The assets users must avail assets under their control at any time, at the request of the ENOCH MGIJIMA MUNICIPALITY or the Asset Management Section or External Audit or Internal Audit Section for verification purposes.

In the event of such assets being missing stolen or lost, the responsible user shall accordingly report the incident to the SAPS. The reported case information will be the source document used to report missing/stolen/lost assets to their superiors, as well as to their responsible Asset Controllers who will take further appropriate action in the relevant incidents.

Should it be found that users were not properly utilizing/maintaining/securing assets under their control/stewardship leading to asset/s damages/losses such users' Functional Head must recover the replacement costs of such assets from relevant users.

On resignation, the user must complete the Exit Clearance form have it signed by all the parties concerned (Functional Head, Asset Management Unit etc.), to ensure that all assets have been handed back to ENOCH MGIJIMA MUNICIPALITY, in working condition.

The purpose of this section is to prescribe the responsibilities of the various functionaries within ENOCH MGIJIMA MUNICIPALITY,

ASSET MANAGERS / DIRECTORS

a) The manager referred to in Section 56 of the municipal systems act being someone reporting directly to the Municipal Manager and has the functional accountabilities for the physical management of a particular set of assets in order to achieve the municipalities strategic objectives relevant to their directorate.

b) Directors shall be directly responsible for the physical safeguarding of any fixed asset controlled or used by the directorate in question. In exercising this responsibility, directors shall adhere to the stipulations of this policy as well as any other written directives issued by the municipal manager to the directorate in question, or generally to all directorates, in regard to the control of or safeguarding of the municipality's fixed assets.

Asset managers should:

i. ensure that employees in their departments adhere to the approved Asset Management Policy;

ii. ensure that all assets are procured in terms of the SCM Policy;

iii. ensure that council are properly informed about any contributed(donated) assets and that approval from council is obtained timeously

iv. ensure that the contributed asset is recorded on the NARC form and communicated with the Asset Management Department.

v. ensure that employees with delegated authority have been nominated to implement and maintain physical control over assets in their departments. Although authority has been delegated, responsibility remains with the respective Directors of the departments and overall accountability with the Executive Directors of relevant directorates;

vi. ensure that the termination of service asset verification form for staff, is duly completed and submitted to the Human Resource Management Directorate;

vii. ensure that assets are properly maintained in accordance with their respective asset maintenance policy;

viii. ensure that, where applicable, all their movable assets as reflected on the Fixed Asset Register are barcoded to exercise control;

ix. ensure that the Asset Control Department is notified via the AT form within 10 working days of any changes in the status of assets under the department's control;

x. ensure that transfers between departments within directorates are administered internally;

xi. ensure that a complete asset verification of all inventory and asset items is performed annually;

xii. ensure that all obsolete, damaged and unused assets, supported by relevant asset and condemnation forms, are handed in at the Asset Management Department without delay;

xiii. be responsible for maintaining and managing their own DIR;

xiv. ensure that all assets are safeguarded against loss/theft and that they are adequately insured; and

xv. ensure that location changes are made timeously and location/room information are updated and reported on the relevant form to the Asset Control Department regularly.

Asset Champions

Asset Champions are senior officials appointed by the Asset Manager in the different Departments or Sections within the Asset Management Directorate.

The Asset Champion must:

i. Assist the Asset Manager in performing his/her functions and duties.

ii. Ensure that all new assets (purchased or donated) are recorded on the NARC form.

iii. Ensure that the NARC forms are completed in full and send with copies of the relevant documentation to the asset control department within 7 working days after receipt of the assets.

iv. Ensures that all their movable assets, where applicable, are barcoded.

v. Ensure that asset listings are verified and kept up to date in collaboration with the Finance Department.

vi. Assist the Finance Department with the annual verification of movable assets by making sure that the assets, as per asset listing, are at the correct locations, that these locations are accessible when the verification of assets takes place and provides a full report on any missing assets to the Asset Manager.

vii. Notify the Finance Department when he/she identifies obsolete and redundant assets so that these assets can be moved to the Write-off Store.

viii. Report all changes affecting asset listing sheets to the Director: Finance and the Finance Department: Asset Management Division within 7 days of occurrence.

The following require the written recommendation of the Asset Manager and approval of Municipal Manager on the prescribed form:

a) The temporary or permanent transfer of all movable assets between departments.

b) The writing off or disposal of obsolete or redundant assets.

Finance Department: Asset Management Division

i. Is the asset registrar of the municipality and shall ensure that a complete, accurate and up to date asset register is maintained that conforms to the GRAP specifications.

ii. Ensures that physical asset verification is performed annually by all departments to verify the assets on the asset register. The assets that are not verified must be tabled to council for writ off in asset register.

iii. Will perform reconciliations between the asset register and the General Ledger on a monthly basis.

iv. Ensures adequate bar codes and equipment to exercise the function relating to asset control is available at all times.

v. Will ensure that all audit queries are resolved in a timely manner.

vi. Dispose of asset in accordance with the SCM policy

vii. Handles the administrative functions with regards to the transfers received.

The responsibility of the Budget and Treasury

i. Ensure that a clear description is provided with each project and the appropriate funding source is identified.

ii. Release capital funds only after receiving written authority and a clear and concise description of the item to be purchased.

iii. Ensure that any changes in the capital budget, with regards to funds transferred or project description changes are communicated to the Asset Management Division.

The Human Resources Management Department.

The Human Resources Management Department shall ensure that no monies are paid out to the staff on termination of their service prior to receiving the relevant asset resignation form signed off by the relevant directorate- refer to Termination of Service Asset Confirmation form.

7.Asset Life-Cycle

A clear understanding of asset life-cycle costs is crucial for the development of cost-effective asset management plans and options. Knowledge of these asset life-cycle costs is also a legislative requirement

The analysis of life-cycle costs should cover the four broad phases, thus covering the entire life of the asset, including any environmental rehabilitation at the end of its life.

This analysis will be based upon estimates and include all cash flows such as operation, maintenance, administration, capital, and financing costs. The budget should have a split between capital and operational costs including depreciation.

These are typical asset life-cycle costs:

Planning-phase costs. These costs include items such as concept design costs, scientific studies, environmental impact studies and feasibility studies. These costs are usually incurred when weighing up the different options, before deciding on the best option, and are excluded from the cost of an asset.

Acquisition-phase costs & revenues. An example of these are; special levies, purchase price / construction costs (labour, materials, and components), detailed design costs (not feasibility analysis), transportation costs, installation and commissioning cost, use of own assets in construction (limited to depreciation over

duration of use), freight, legal fees, warehousing costs, initial consumables (e.g. initial set of tyres for a vehicle) and all other costs required to bring that asset to its proper working condition and location for intended use (excluding training on use of the new asset, should this be required).

Operation and maintenance-phase costs:

Operation - fuel or energy costs, operational labour, security costs, safety costs, training costs, performance monitoring costs, cleaning costs and consumables.

Maintenance - spare parts and repair labour.

Administration (asset specific) - insurance, rates and taxes, management fees, etc.

Rehabilitation and renewal - upgrade costs, modification costs if this improves asset life (capital), re-training costs (current), etc.

Asset-related receipts – tariffs, rates and equitable share (only to the extent that it relates to this asset acquisition).

Disposal-phase costs:

An example of disposal costs (like auctioneer fees, etc.) would be; storage costs, environmental rehabilitation costs, decommissioning costs, demolition costs and etc.

Also, before approving a capital project in terms of subsection (1)(b), the council of a municipality must consider:

the projected cost covering all financial years until the project is operational; and

the future operational costs and revenue on the project, including municipal tax and tariff implications.

(d) tariffs must reflect the costs reasonably associated with rendering the service, including capital, operating, maintenance, administration and replacement costs,

and interest charges;

tariffs must be set at levels that facilitate the financial sustainability of the service, taking into account subsidisation from sources other than the service concerned; the extent of subsidisation of tariffs for poor households and other categories of users should be fully disclosed.

Asset Life-Cycle is the cycle of activities that an asset goes through – including planning, design, initial acquisition and/or construction, cycles of operation and maintenance and capital renewal, and finally disposal.

This policy will address the process ENOCH MGIJIMA MUNICIPALITY has adopted for all phases within the asset life cycle.

Planning

The identification of assets needs and financing options, where the requirement for a new/replacement asset is planned for and established, must be done at the planning stage.

Financial Planning

Property, Plant and Equipment financial planning and decision making must be informed by the Integrated Development Plan (IDP) and strategic business initiatives in line with prevailing economic conditions and the Municipality's financial affordability.

Pre -Acquisition Planning

Before a capital project is included in the budget for approval, the Functional Head must demonstrate that they have considered:

The projected cost over all the financial years including initial setup costs;

The future operational costs and revenue on the project, including tax and tariff

implications;

The financial sustainability of the project over its life including revenue generation and subsidisation requirements;

The physical and financial stewardship of that asset through all stages in its life including acquisition, installation, maintenance, operations, disposal and

rehabilitation;

The inclusion of this capital project in the IDP and future budgets: and

Alternatives to this capital purchase.

Approval to Acquire Property Plant and Equipment

This can only be approved on a capital asset/project if:

The funds for the project have been appropriated in the capital budget,

The project, including the total cost, has been approved by the ENOCH MGIJIMA MUNICIPALITY Council,

The CFO confirms that funding is available for that specific project. (Any contract that will impose financial obligations beyond two years after the budget year must be appropriately disclosed)

Capital Projects Funding Planning

Within the Municipality's on-going financial, legislative or administrative capacity, the CFO will establish and maintain the funding strategies that optimize the Municipality's ability to achieve its strategic objectives as stated in the IDP.

The acquisition of assets shall not be funded over a period longer than the useful life of that asset.

Replacement Planning

Property, Plant and Equipment are to be replaced when:

They have reached the end of their useful or economic life (i.e. when the asset is fully depreciated); and the cost of maintaining such asset outweighs the economic benefit,

they have been lost, stolen, damaged beyond repair; or

they have been determined as obsolete, provided there is a continuing need for the services provided by such an asset.

The future usefulness of an asset should be assessed continuously especially when the asset is fully depreciated. If it is found that there is no evidence of any continuing need, the asset should not be replaced, and if it still in good working condition; the asset could be transferred to where the need for such asset can still be identified. (AMS has a facility to publish on the intranet movable assets that are still in good condition on behalf of Departments) The selling of such assets should result as quickly as possible if there is no longer a need for such an asset.

The asset will only be replaced if:

It has reached the end of its economic life,

It was lost, stolen or non-repairable,

It has become unserviceable,

It is not economical to continue using the asset when a replacement would ultimately bring economic saving benefit,

It has been superseded by a later or more technologically superior model and;

There is a continuing need for the service provided by the asset in question or economic benefit.

Acquisition of property, plant and equipment

The Property, Plant and Equipment acquisition phase take effect through outright purchase or development/construction. Such Property, Plant and Equipment

acquisitions must only be funded out of capital budget votes in line with IDP and not through the operational budget.

Physical Receipting and Management

The Functional Head or his/her nominee must:

Ensure that the purchase of property, plant of equipment complies with all ENOCH MGIJIMA MUNICIPALITY's policies and procedures.

Ensure all movable assets received into their stewardship are appropriately identified and safeguarded or prevented from inappropriate usage or loss. This will include appropriate control over the physical access to these assets and regular stock takes to ensure any losses do not occur. Any known losses should be immediately reported to the CFO.

The date of acquisition

The date of acquisition of property, plant and equipment is deemed to be the time when risk and rewards passes to the Municipality.

Donations

The CFO must be informed about any donation to ENOCH MGIJIMA MUNICIPALITY and form "Asset 001" must be submitted to the AMS. Where an item of property plant and equipment is acquired at no cost, or for a nominal cost, it will be initially measured at its fair value as at the date of acquisition and included in the assets register if the fair value is greater than the recognition threshold. Where the value of the asset is known, such value shall be included in the register in line with recognition criteria. It shall be the responsibility of the Functional Head or his/her nominee to notify the CFO and AMU of such assets for capitalisation purposes.

The Municipal Manager or his/her delegated official shall authorize all capital assets donated through inter ENOCH MGIJIMA MUNICIPALITY Council donations, or public, individuals, private enterprises, Provincial or National Government, to the Municipality, prior to capitalization.

Maintenance of property, plant and equipment

Accountability for the operation and maintenance of all assets is delegated from the municipal manager, through the senior managers, to the asset manager. The asset manager is accountable for ensuring that municipal resources assigned to him/her are utilised effectively, efficiently, economically and transparently. This would include:

complying with systems of management and internal controls established by the municipality;

preventing inappropriate losses;

appropriately managing, safeguarding and maintaining assigned assets; and

providing all asset-related information as and when required.

The asset manager will delegate custodianship of assets to specific users.

The custodians will be required to perform functions assigned to the asset manager in respect of their specific assets.

Maintenance Plans

Every Functional Head shall ensure that a maintenance plan in respect of every new infrastructure asset with a value of R100 000 (one hundred thousand rand) or more is promptly prepared and submitted to the Municipal Manager for approval. The maintenance plans contemplated in these are subject to budgetary provision in terms of the normal budget process.

If so directed by the Municipal Manager, the maintenance plan shall be submitted to the ENOCH MGIJIMA MUNICIPALITY Council prior to any approval being granted for the acquisition or construction of the infrastructure asset concerned.

The Functional Head controlling or using the infrastructure asset in question, shall annually report to the Municipal Manager 5 of the ENOCH MGIJIMA MUNICIPALITY, not later than in July, of the extent to which the relevant maintenance plan has been complied with.

Deferred Maintenance

If there is material variation between the actual maintenance expenses incurred and the expenses reasonably envisaged in the approved maintenance plan for any infrastructure asset, the CFO shall disclose the extent of and possible implications of such deferred maintenance in an appropriate note to the financial statements.

Such note shall also indicate any plans, which the authoritative body of the ENOCH MGIJIMA MUNICIPALITY has approved in order to redress such deferral of the maintenance requirements concerned.

If no such plans have been formulated or are likely to be implemented, the CFO shall re-determine the useful operating life of the asset in question if necessary, in consultation with the Functional Head controlling or using such asset, and shall recalculate the annual depreciation expenses accordingly.

General Maintenance of Assets

Every Functional Head shall be directly responsible for ensuring that all assets are properly maintained and in a manner, which will ensure that such assets attain their useful operating lives.

Disposal phase of property plant and equipment

The MFMA (section 14 & 90) and the Municipal Supply Chain Management Regulations have specific requirements regarding the disposal of assets. Specifically:

Enoch Mgijima Municipality will permanently dispose of a capital asset needed to provide the minimum level of basic municipal services.

Where a municipal council has decided that a specific asset is not needed to provide the minimum level of basic services, a transfer of ownership of an asset must be fair, equitable, transparent, competitive and consistent with the municipality's supply chain management policy.

Where assets have been identified as under-performing, or no longer functionally suited for basic service-delivery needs, consideration should be given to the possible alternatives to disposal.

A factor to consider is whether utilisation can be increased (for example by adapting the asset to another function or using it in another programme).

The cost benefit of such alternatives should be included in the disposal strategy.

Reasonable grounds for determining that a capital asset is not required for the provision of the minimum level of basic municipal services may include:

The asset was acquired specifically for resale or distribution, e.g. investment property or stands held for distribution

The asset is impaired (in respect of which the asset custodian can provide evidence).

The municipality no longer performs the function for which the asset was purchased, e.g. the case of a clinic where the province has taken over that healthcare function.

It is an immovable asset no longer located close to where the service is required, e.g. a taxi rank on a disused road.

The asset has been replaced.

The asset no longer performs the required level of service.

Processes should be in place to ensure that:

under-utilised and under-performing assets are identified as part of a regular systematic review process;

the reasons for under-utilisation or poor performance are critically examined, and corrective action taken to remedy the situation or a decision to dispose of the asset is made;

the analysis of disposal methods takes into consideration the potential market or other intrinsic values; the location and volume of assets to be disposed of; the ability to support other government programmes; and environmental implications;

regular evaluation of disposal performance is undertaken.

To ensure that a disposal is fair, equitable, transparent and competitive, the

Following should happen:

The supply chain management policy should state the mechanism for determining the market value for different types of assets.

The process should be open to the public and public scrutiny.

Consideration should be given to the fair market value of the asset, and to the economic and community value to be received in exchange for the asset.

Reasonable efforts should be made to ensure that an appropriately competitive process for disposal is adopted.

Council or the municipal manager (where delegated) will need to know what the expected market price is in order to demonstrate that it has considered the market value of that asset.

In compliance with the principles and prescriptions of the MFMA, the transfer of ownership of any asset shall be fair, equitable, transparent, competitive and consistent with the Municipality's supply chain management policy.

Every Functional Head shall report in writing to the CFO on 31 October and 30 April of each financial year, on all assets controlled or used by the Department concerned which such Functional Head wishes to alienate by public auction or public tender. The CFO shall thereafter consolidate the requests received from the various Departments, and shall promptly report such consolidated information to the Enoch Mgijima Municipality or the Municipal Manager, as the case may be, recommending the process of alienation to be adopted.

The disposal of capital assets must be dealt with in terms of Section 14 of the Municipal Finance Management Act in conjunction with the relevant delegated powers as approved by Council from time to time.

Once the assets are alienated, the CFO shall delete the relevant records from the assets register.

If the proceeds of the alienation are less than the carrying value recorded in the assets register, such difference shall be recognised as a loss in the income statement of the vote concerned.

If the proceeds of the alienation, on the other hand, are more than the carrying value of the asset concerned, the difference shall be recognised as a gain in the income statement of the vote concerned.

All gains realised on the alienation of assets shall be appropriated annually to the

Municipality's asset financing reserve (except in the cases outlined below), and all losses on the alienation of assets shall remain as expenses on the income statement of the vote concerned. If, however, both gains and losses arise in any one financial year in respect of the alienation of the assets of any vote, only the net gain (if any) on the alienation of such assets shall be appropriated.

Transfer of assets to other municipalities, municipal entities (whether or not under the

Municipality's sole or partial control) or other organs of state shall take place in accordance with the above procedures, except that the process of alienation shall be by private treaty.

Transfer of property plant and equipment

Permanent transfers to another Functional Head

The Functional Head retains managerial accountability and control for a particular asset unless;

Another Functional Head agrees in writing to accept responsibility for that assets, and

The asset manager or his/her nominee endorses this transfer.

The Finance Department appropriately amends the Assets Register for all approved transfers.

The new Functional Head assumes all the accountabilities of the previous Functional Head.

Relocation or Reassignment of Property, Plant or Equipment

The Functional Head must ensure that the asset is appropriately safeguarded for loss,damage or misuse wherever it is located. Safeguarding includes ensuring reasonable physical restrictions.

The Functional Head must advise the CFO whenever an asset is permanently relocated or reassigned from the location (or base) or cost centre recorded in the Assets Register.

The Functional Head must advise the CFO whenever an asset is temporarily relocated or reassigned from the location (or base) or cost centre recorded in the Asset Register. In this case, the Functional Head must also advise the CFO when this asset is returned.

Assets to be Written Off

An asset, even though fully depreciated shall be written off only on the recommendation of the Functional Head controlling or using the asset concerned, and with the approval of the Enoch Mgijima Council.

In cases where assets are disposed, the asset will be disposed in the fixed asset register on the date of the auction/ disposal even though the Council approval may be at an earlier date.

In cases where assets are written-off (Not auctioned), the asset will be written-off in the fixed asset register on the date of the Council resolution or as the Council determines.

Every Functional Head shall provide the CFO, before year end, with a list of all assets, which they wish to have written off, stating in full the reason for such recommendation.

The CFO shall consolidate all such reports, and shall promptly submit a recommendation to the Enoch Mgijima Council on the assets to be written off.

The normal disposal of written-off assets is through auction but the Enoch Mgijima Council may decide on any other method as deemed fit in line with Enoch Mgijima ’s supply chain management policy. Writing off of assets not fully depreciated should be avoided since there is direct financial implication on operating revenue. Preferably, fully depreciated assets may be written off. In every instance where a not fully depreciated asset is written off, the CFO shall effect such accounting adjustments in terms of appropriate accounting standards.

The Required format of the Asset Register

The assets register shall be maintained in the format determined by the CFO, which format shall comply with the requirements of generally recognised accounting practice (GRAP).

The assets register shall reflect the following information:

A brief but meaningful description of each asset.

The date on which the asset was acquired or brought into use.

The location of the asset.

The vote(s) within which the assets will be used.

The title deed number, in the case of property.

The stand number, in the case of property.

The original cost, or the re-valued amount determined in compliance with the policy or the fair value if no costs are available.

The (last) revaluation date of the assets subject to revaluation.

The re-valued value of such assets.

References to supporting documentation to support re-valuation

Accumulated depreciation to date.

The depreciation charge for the current financial year.

The carrying value of the asset.

The method and rate of depreciation.

Accumulated impairment losses to date

Impairment losses incurred during the financial year (and the reversal of such losses, where applicable)

The source of financing.

The current insurance arrangements.

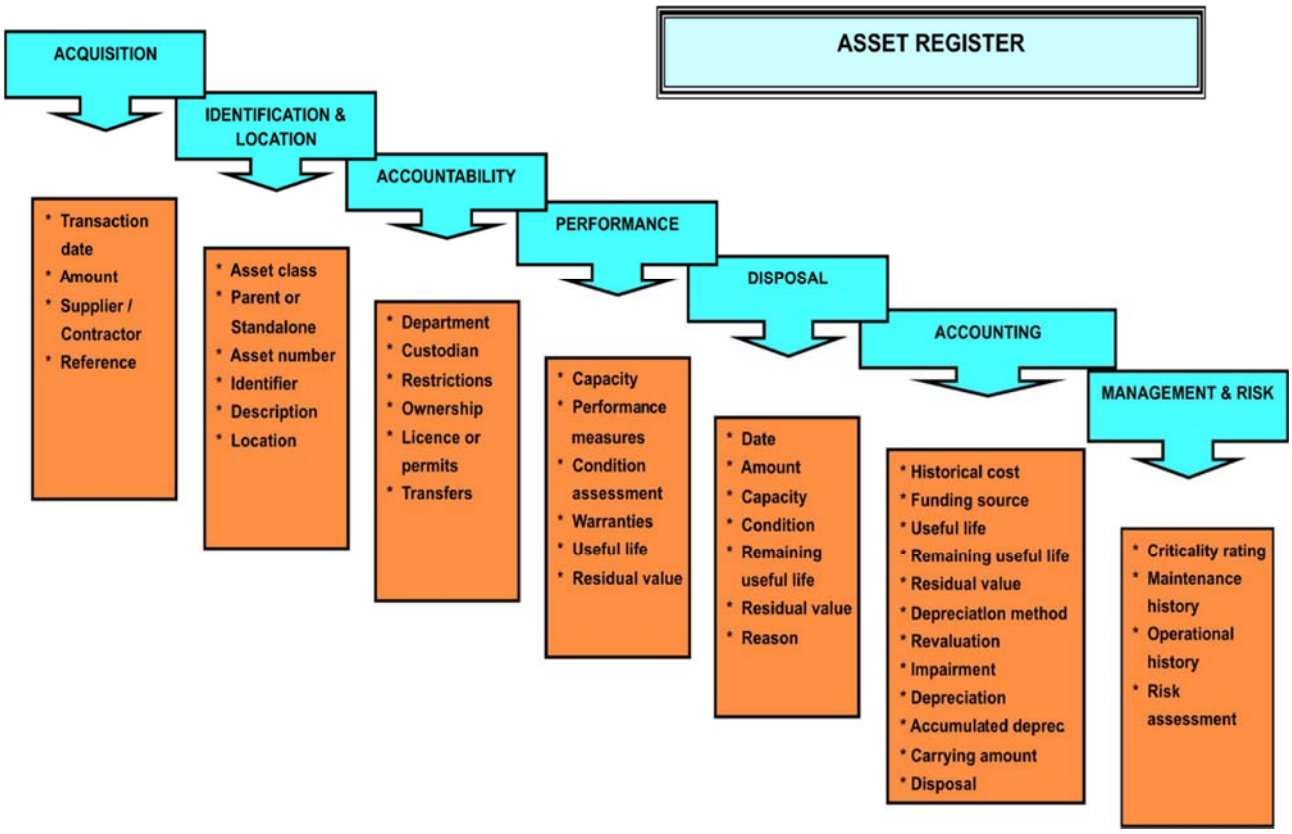
Whether the asset is required to perform basic municipal services.

Whether the asset has been used to secure any debt, and – if so – the nature and duration of such security arrangements.

The date on which the asset is disposed/written-off.

The disposal price.

The date on which the asset is removed from operations, if not disposed of.

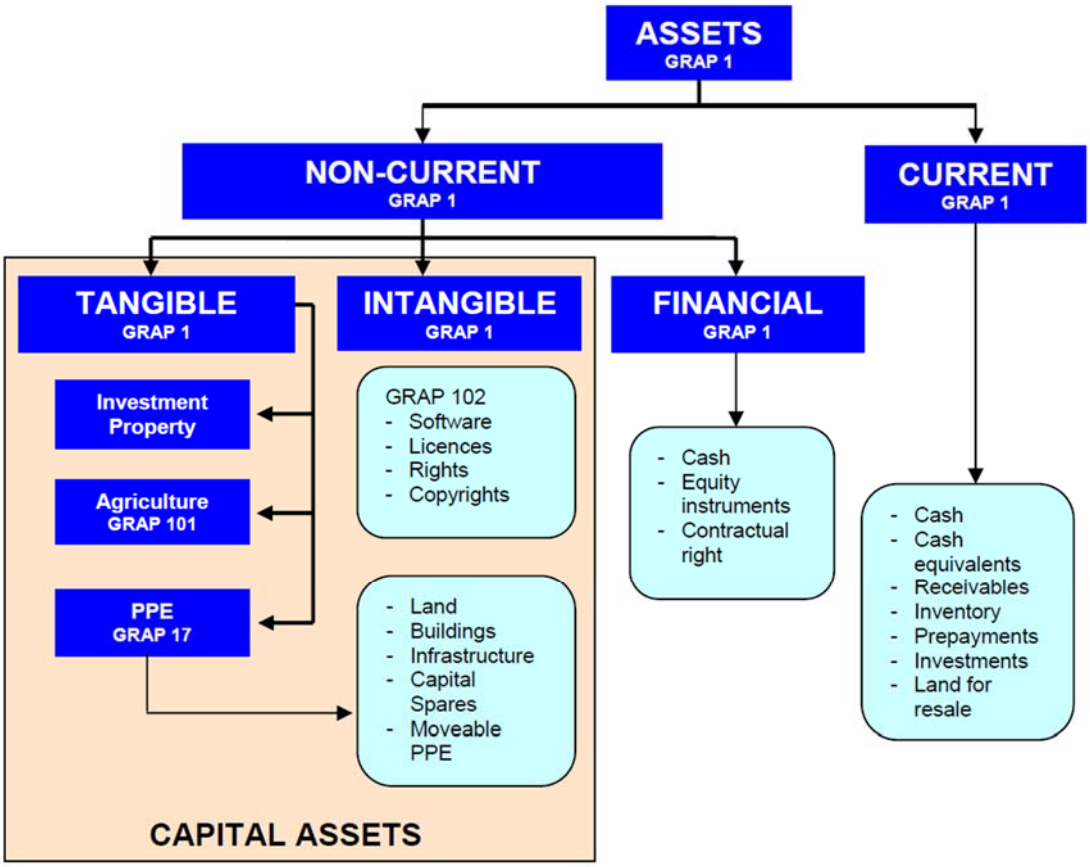


These fields have been depicted in pictorially to indicate and show their importance

An asset shall be capitalised, that is, recorded in the assets register, as soon as it is acquired. If the asset is constructed over a period of time, it shall be recorded as Work In Progress until it is available for use, where after it shall be appropriately capitalised as an asset. An asset shall remain in the assets register for as long as it is in physical existence. The fact that an asset has been fully depreciated shall not in itself be a reason for writing off such an asset.

11.Classification of Assets

When accounting for capital assets, municipalities should follow the various standards of GRAP relating to the capital assets. The diagram below indicates the various standards that impact the accounting for capital assets as well as the relation between the capital assets and other assets.



Class of Property, Plant and Equipment means a grouping of assets of a similar nature or function in an entity's operations that is shown as a single item for the purpose of disclosure in the financial statements. (GRAP 17) (This definition of class applies to all capital assets.)

Class of assets is also sometimes referred to as the asset hierarchy.

In compliance with the requirements of the National Treasury, the CFO shall ensure that all assets are classified under the following headings in the assets register, and

Functional Heads shall in writing provide the CFO with such information or assistance as is required to compile the proper classification

12.Property, Plant and Equipment

Land (not held as investment assets)

Infrastructure assets (assets which are of a network of similar assets)

Community assets (resources contributing to the general wellbeing of the community)

Movable assets (ordinary operational resources)

vehicles

furniture

office equipment

computer equipment

mobile plant

Inventory (Housing (rental stock or housing stock not held for capital gain))

Any land or buildings owned or acquired by the Municipality with the intention of selling such property in the ordinary course of business, or any land or buildings owned or acquired by the Municipality with the intention of developing such property for the purpose of selling it in the ordinary course of business, shall be accounted for as inventory, and not included in either property, plant and equipment or investment property in the Municipality's statement of position.

Such inventories shall, however, be recorded in the assets register in the same manner as other assets, but a separate section of the assets register shall be maintained for this purpose.

This could include the following types of properties:

RDP related housing schemes

Sub-economical Housing selling schemes.

Investment Property (Investment assets /resources held for capital gain)

The CFO shall adhere to the classifications and useful lives stipulated in the Local Government Capital Asset Management Guideline, and in the case of an asset not appearing under the asset lives listing, the CFO shall use the classification applicable to the asset most closely comparable to the asset in question.

Investment assets shall be accounted for in terms of GRAP 16 and shall not be classified as property, plant and equipment for purposes of preparing the Municipality's statement of position.

Investment assets shall comprise land or buildings (or s of buildings) or both held by the Municipality, as the owner or as lessee under a lease, to earn rental revenues or for capital appreciation or both.

Investment assets shall be recorded in the assets register in the same manner as other assets, but a separate section of the assets register shall be maintained for this purpose.

Investment property shall be measured initially at its cost. Where an investment property is acquired at no cost, or for a nominal cost, its cost will be is its fair value as at the date of acquisition.

Investment property is carried at cost less accumulated depreciation and any accumulated impairment losses. Depreciation is provided to write down the cost, less estimated residual value by equal installments over the useful life of the property, which is as follows:

Item	Useful life
Property - land	indefinite
Property - buildings	

The following are examples of investment property:

(a) land held for long-term capital appreciation rather than for disposal, e.g. through sale or transfer, in the ordinary course of operations. For example, land held by a hospital for capital appreciation which may be sold at a beneficial time in the future;

(b) Land held for a currently undetermined future use. Land is held for a currently undetermined future use when: GRAP 16 Issued February 2010 11 Investment Property

(i) An entity has not determined that it will use the land as owner-occupied property.

(ii) An entity does not hold the land for sale in the ordinary course of operations.

(iii) An entity has not determined that it holds the land for strategic purposes as outlined in paragraph

If the Enoch Mgijima Council resolves to construct or develop a property for future use as an investment property, such property shall in every respect be accounted for as an ordinary asset until it is ready for its intended use – where after it shall be reclassified as an investment asset.

Heritage Assets

If no original costs or fair values are available in the case of one or more or all heritage assets, the CFO may, if it is believed that the determination of a fair value

for the assets in question will be a laborious or expensive undertaking, record such asset or assets in the assets register without an indication of the costs or fair value concerned. For balance sheet purposes, the existence of such heritage assets shall be disclosed by means of an appropriate note

Movable Assets

Movable assets are all assets with a life cycle of greater than one year and above the capitalisation threshold (where applicable). For example, this would include property, plant and equipment and intangible assets.

Donates Assets

Where an asset is donated to the Municipality or an asset is acquired by means of an exchange of assets between the Municipality and entities, the asset concerned shall be recorded in the assets register at its fair value, as determined by the CFO.

Assets Accounting and Reporting

Definition and recognition criteria for assets

A capital asset should be recognised as an asset in the financial and asset records when:

it is probable that future economic benefits or potential service delivery associated with the item will flow to the municipality;

the cost or fair value of the item to the municipality can be measured reliably;

the cost is above any municipal capitalisation threshold (if any); and

the item is expected to be used during more than one financial year.

Capitalisation Criteria: Material Value

Buildings, infrastructure, all fixtures and other tangible and non-tangible assets of a non – consumable nature of which the value is R1 000 and more, and the normal expected life of which is one year and more will be treated as fixed assets and be capitalised as such; and

All tangible property with a value of less than R1 000 will be funded from the capital budget and included in the fixed asset register for control purposes, but depreciated in full in the year of acquisition. These assets will therefore be recorded in the fixed asset register at a carrying value of R1.

Capitalisation Criteria: Reinstatement, Maintenance and other expenses

Only expenses incurred in the enhancement of an asset (in the form of improved or increased services or benefits flowing from the use of such asset) or expenses incurred in the material extension of the useful operating life of an asset shall be capitalised.

Expenses incurred in the maintenance or reinstatement of an asset shall be considered as operating expenses incurred, in ensuring that the useful operating life of the asset concerned is attained, and shall not be capitalised, irrespective of the quantum of the expenses concerned.

Expenses, which are reasonably ancillary to bringing into operation of an asset, may be capitalised as of such asset. Such expenses may include but need not be limited to import duties, forward cover costs, transportation costs, and installation, assembly and communication costs.

Depreciation of Assets

All assets, except land and heritage assets, shall be depreciated or amortised in the case of intangible assets.

Depreciation may be defined as the monetary quantification of the extent to which an asset is used or consumed in the provision of economic benefits or the delivery of services.

Depreciation shall generally take the form of an expense both calculated and debited on a monthly basis against the appropriate line item in the vote in which the asset is used or consumed.

However, depreciation shall initially be calculated from the day following the day in which an asset is acquired or – in the case of construction works and plant and machinery – the day following the day in which the asset is brought into use, until the end of the calendar month concerned. Thereafter, depreciation charges shall be calculated monthly.

Each Functional Head, acting in consultation with the CFO, shall ensure that reasonable budgetary provision is made annually for the depreciation of all applicable assets controlled or used by the Department in question or expected to be so controlled or used during the ensuing financial year.

The procedures to be followed in accounting and budgeting for the paying back of intangible assets shall be identical to those applying to the depreciation of other assets.

Rate of Depreciation

The CFO shall assign a useful operating life to each depreciable asset recorded on the Municipality's assets register. In determining such a useful life, the CFO shall adhere to the useful lives set out in terms of The Local Government Capital Asset Management Guideline.

In the case of an asset which is not listed in this annexure, the CFO shall determine a useful operating life, if necessary in consultation with the Functional Head who shall control or use the asset in question, and shall be guided in determining such useful life by the likely pattern in which the asset's economic benefits or service potential will be consumed.

Method of Depreciation

The CFO shall depreciate all depreciable assets on the straight-line method of depreciation over the assigned useful operating life of the asset in question.

Impairment Review

Impairment is a loss in the future economic benefits or service potential of an asset, over and above depreciation.

Impairment means the carrying amount of an asset exceeds its recoverable amount or recoverable service amount. Indications for impairment should be assessed at each reporting date.

Cash-generating assets are those that are held to generate a commercial return.

An asset generates a commercial return when it is deployed in a manner consistent with that Non-cash-generating assets are assets other than cash-generating assets

The municipality will undertake the following when determining or considering impairing their assets:

Review External Sources to determine if there are significant long-term changes in technology, market, economic, government or legal environment have taken place or will take place in the near future.

Review internal Sources to determine if;

There is evidence of the obsolescence of or physical damage to an asset.

Significant long-term changes in the operational environment will impact on the future expected use of the asset, e.g. discontinued operations, early disposal or reassessment of useful life.

There is internal reporting that indicates worse than expected economic and/or service performance in respect of an asset or specific assets.

Assets with significantly decreased remaining useful lives (includes various types of obsolesces);

Assets with significantly decreased residual values

Asset with significantly decreased replacement costs.

Specific to non-cash-generating assets

Review external sources to determine if there is cessation, or near cessation, of the demand or need for services provided by the asset.

Review internal sources to determine if a decision was taken to halt the construction of the asset before it is complete or in a usable condition.

Specific to cash-generating assets

Review external sources to determine the following:

The market interest rates or other market rates of return on investments have increased during the period, and those increases are likely to affect the discount rate used in calculating an asset's value in use and materially decrease the asset's recoverable amount.

If an asset’s market value has declined significantly during the reporting period, more than would have been expected as a result of the passage of time or normal use.

The impairment reduction should be recognised as an immediate expense, unless it reverses a previous revaluation in which case it should be charged to a “revaluation surplus”. It is then necessary to link each asset to its impact on the “revaluation surplus” because a revaluation is usually based upon a class of assets whereas impairment could affect a single asset or class of assets. If an asset is impaired it should be written down to its recoverable amount.

Amendment of Asset Useful lives

Only the CFO may amend the useful operating life assigned to any asset.

The CFO shall amend the useful operating life assigned to any asset if it becomes known that such asset has been materially impaired or improperly maintained to such an extent that its useful operating life will not be attained, or any other event

has occurred which materially affects the pattern in which the asset's economic benefits or service potential will be consumed.

If the value of an asset has been diminished to such an extent that, it has no or a negligible further useful operating life or value, such asset shall be dealt with in terms of the appropriate accounting standards.

Similarly, if an asset has been lost, stolen or damaged beyond repair, it shall be fully depreciated in the financial year in which such event occurs, and if the asset has physically ceased to exist, it shall be written off from the assets register.

In all the foregoing instances, any accounting adjustments shall be dealt with in terms of the appropriate accounting standards.

If any of the foregoing events arises in the case of a normally non-depreciable asset, and such asset has been capitalised at a value other than a purely nominal value, such asset shall be fully depreciated, as the case may be, as though it were an ordinary depreciable asset.

Alternative Methods of Depreciation in Specific Instances

The CFO may employ the sum of units method of depreciation in the case of assets which are physically wasted in providing economic benefits or delivering services.

The CFO shall only employ this method of depreciation if the Functional Head controlling or using the asset in question gives a written undertaking to the Municipal

Manager to provide:

estimates of statistical information required by the CFO to prepare estimates of depreciation expenses for each financial year; and

actual statistical information, for each financial year.

c) The Functional Head concerned shall moreover undertake to provide such statistical information at the specific times stipulated by the CFO.

d) Where the CFO decides to employ the sum of units method of depreciation, and the requirements set out in the preceding paragraph have been adhered to, the CFO shall inform the Enoch Mgijima of such decision.

Carrying Value for Assets

All assets shall be carried in the assets register, and appropriately recorded in the annual financial statements, at their original cost or fair value less any accumulated depreciation.

The only exceptions to this rule shall be re-valued assets and heritage assets in respect of which no value is recorded in the assets register.

Revaluation of Assets

When assets are carried at revalued amounts, an impairment loss is treated as a revaluation decrease – i.e. is recognised in the revaluation reserve to the extent of a revaluation surplus available. The reversal of an impairment loss previously recognised, should be treated as a revaluation increase – i.e. is recognised in the revaluation reserve (unless it is first recognised in surplus or deficit to reverse a previous impairment loss recognised in surplus or deficit, in which case, only any excess will be recognised in the revaluation reserve).

Asset Verification

The asset management shall at least once a year during every financial year undertake a comprehensive verification of all movable assets controlled or used by the Municipality. Verification of immovable assets shall be done over a three year cycle.

Physical verification procedures:

Prior identification of all locations at which assets are located.

Areas to be counted are allocated to teams of counters.

A systematic approach is taken to ensure a full physical verification (assets should not be omitted or double counted).

All assets are verified at the same time to ensure no movement takes place to cover irregularities and avoid any double counting or omissions.

In the event that verification cannot be performed at the same time, processes are put into place to ensure as little movement of the assets as possible and very strict written authorisation where movements are required.

Before physical verification commences counters should be given written instructions on the verification procedures. Verbal instructions are given to reinforce the written instructions and to ensure that the counters understand the procedures, know what I required and are familiar with follow-up procedures for resolving variances.

The instructions clearly delineate the roles and responsibilities of all involved in the physical verification process. A practice asset verification session to illustrate the procedures may be helpful for those who have not previously participated in a physical count.

Responsibility for the control of the physical verification rests with the asset count supervisor. The supervisor oversees the process to ensure that counting is carried out and that counters are following the procedures laid down.

The asset count supervisor, together with the asset manager, secures (in advance to ensure availability) staff (other than members of the Asset Management Team (AMT)) to participate in the physical verification procedure as well as independent observers (individuals not ordinarily involved in asset management, for example the internal auditors).

The master listing of assets should be available for verification and includes the following information:

Asset number;

Description;

Serial number;

Last known location;

Custodian;

Space for condition assessment.

Previous condition recorded

On the day prior to the physical verification procedure, the responsible AMT member verifies that:

all assets received on the day are entered into the system and, where applicable, a barcode label affixed;

all movements in the assets under their control throughout the period of review are updated and fully accounted for on the system, and that barcode labels are affixed.

On the day of the count:

staff conducting the physical verification:-

are assigned areas to count;

are provided with the master listing of the assets;

verify the assets within the assigned areas, taking care to identify the assets correctly;

mark assets/attractive items once they have been counted to ensure they are only counted once;

investigate discrepancies as directed by the supervisor and recount assets as requested

Replacement Norms

The Municipal Manager, in consultation with the CFO and other Heads of Departments, shall formulate norms and standards for the replacement of all normal operational assets.

Such norms and standards shall be incorporated in a formal policy, which shall be submitted to the Enoch Mgijima Council for approval. This policy shall cover the replacement of motor vehicles, furniture and fittings, computer equipment, and any other appropriate operational items. Such policy shall also provide for the replacement of assets which are required for service delivery but which have become uneconomical to maintain.

Insurance of Assets

Movable assets shall be insured from date of delivery. The Municipal manager shall ensure that all movable assets are insured at least against fire and theft, and that all municipal buildings are insured at least against fire and allied perils.

If the Municipality operates a self-insurance reserve (assuming such reserve to be allowed), the CFO shall annually determine the premiums payable by the Departments or votes after having received a list of the assets and insurable values of all relevant assets from the Functional Heads concerned.

The Municipal Manager shall recommend to the Enoch Mgijima Council, after consulting with the CFO, the basis of the insurance to be applied to each type of asset: either the carrying value or the replacement value of the assets concerned. Such recommendation shall take due cognisance of the budgetary resources of the Municipality.

The CFO shall annually submit a report to the ENOCH MGIJIMA MUNICIPALITY Council on any reinsurance cover which it is deemed necessary to procure for the Municipality’s self-insurance reserved.

13.15 Work In Progress

Halted projects now will be reported in the notes of the AFS.

Technical service shall at year end indicate to the asset management section which project are halted for how long and the reasons for thereto. Impairment test should be conducted on such assets.

13.16 Standard operating procedure when an employee or employer terminate employment.

The employees’ responsibility before the date of termination is to;

Disclose all assets under his/her custody on the asset transferee form.

Must give the asset transferee form accompanied by the assets to the IT manager (hand delivery).

The responsibility of IT manager before the pension, leave pay and the last salary is made to the employee.

Confirm receipt of the assets in working order.

Confirm if all the tools of trade have been returned.

The responsibility of HR manager before the pension, leave pay and the last salary is made to the employee.

To have all the documentation from IT Manager before authorising the payment.

Asset Useful lives

Local Government Capital Asset Management Guideline has the following asset useful lives as a guideline for municipalities. These should be used as a guide to the minimum useful lives only because actual asset lives experienced greatly exceed those recommend lives.

Each Asset Controller, verifying assets, needs to determine the useful life of a particular item of property, plant and equipment (using these recommendations as a guide);

The useful life of the item of property, plant and equipment should be reviewed annually.

Classes of Assets

	USEFUL LIFE IN YEARS		
	MIN		MAX
PROPERTY, PLANT AND EQUIPMENT			
LAND			
Developed land	N/A		
Undeveloped land	N/A		
BUILDINGS			

DWELLINGS			
Caravans	5	-	10
Children’s homes	25	-	30
Foreign mission dwellings	25	-	30
Homes for the aged	25		30
Hostels	25	-	30
Military personnel dwellings	25	-	30
Mobile homes	5	-	10
Places of safety (children)	25	-	30
Prisons and rehabilitation facilities	25	-	30
Residences (presidential, embassies)	25	-	30
Residences (personnel) include garages and parking	25	-	30
Secure care centres	25	-	30
NON RESIDENTIAL DWELLINGS			
Airport and associated buildings (control towers, transfer halls, parking, hangars and warehousing)	25	-	30
Border and custom control points	25	-	30
Bus terminals	25	-	30
Bus shelters	10	-	15

	USEFUL LIFE IN YEARS		
	MIN		MAX
Civic theatres	25	-	30
Clinics and community health facilities	25	-	30
Community centres and public entertainment buildings	25	-	30
Driver and vehicle testing centres	25	-	30
Fire stations	25	-	30
Foreign mission offices	25		30
Hospitals and ambulance stations	25	-	30
Industrial buildings	20	-	30
Laboratories	25	-	30
Libraries	25	-	30
Mortuaries	25	-	30
Museums and art galleries	25	-	30
Office buildings (including air conditioning systems)	25	-	30
Public parking (covered and open)	25	-	30
Police stations (and associated buildings)	25	-	30
Railway and associated buildings	25	-	30
Research facilities (including weather)	25	-	30
Stadiums	25	-	30
Taxi ranks	10	-	15
Universities, colleges, schools etc.	25	-	30
Warehouses (storage facilities, including data)	25	-	30
OTHER STRUCTURES (INFRASTRUCTURE ASSETS)			

ELECTRICITY			
Cooling towers	25	-	30
Mains	15	-	20
Meters			
Prepaid	10	-	20
Credit	20	-	25
Power stations			
Coal	50	-	60
Gas	50	-	60
Hydro	50	-	60
Nuclear	60	-	80
Supply/reticulation	15	-	25
Transformers	25	-	50
Lines			
Underground	25	-	45
Overhead	20	-	30
Cables	25	-	45
Substations			
Switchgear	20	-	30
Equipment			
Outdoor	20	-	30
GIS	15	-	30
Indoor	30	-	40
Electrical panels	3	-	5
Telemetry	7	-	15

	USEFUL LIFE IN YEARS		
	MIN		MAX
ROADS (Roads, Pavements, Bridges & Storm Water)			
BRIDGES			
Vehicle			
Bridges - Concrete	60	-	80
Bridges - Steel	40	-	50
Bridges - Timber	25	-	40
Pedestrian			
Bridges - Concrete	60	-	80
Bridges – Steel	40	-	50
Bridges – Timber	25	-	40
Railway			
Bridges - Concrete	60	-	80
Bridges – Steel	40	-	50
Bridges - Timber	25	-	40
Reinforced retaining walls			
Earth	10	-	15
Concrete	25	-	30
Expansion and construction joints	15	-	20
STORM WATER			
Culverts	25	-	40
Concrete	40	-	60
Armco	25	-	40
Drains			

Earthworks	80	-	100
Concrete lining	25	-	50
Stop banks	40	-	50
Pipes	25	-	50
Coastal			
Structure (Retaining walls)	20	-	40
Piers	60	-	80
Storm water outfalls	60	-	80
ROADS			
Kerb and channels	40	-	50
Municipal roads - Asphalt surface	10	-	20
- Asphalt layer	30	-	50
- Concrete surface	10	-	30
- Concrete layer	30	-	50
- Gravel surface	3	-	10
National roads - Asphalt surface	10	-	20
- Asphalt layer	30	-	50
- Concrete surface	10	-	30
- Concrete layer	30	-	50
- Gravel surface	3	-	10
Provincial roads - Asphalt surface	10	-	20
- Asphalt layer	30	-	50
- Concrete surface	10	-	30

	USEFUL LIFE IN YEARS		
	MIN		MAX
- Concrete layer	30	-	50
- Gravel surface	3	-	10
Crash barriers	10	-	30
Retaining walls	30	-	60
Overload control centres	15	-	20
Electronic hardware	10	-	15
Other equipment	10	-	20
Pedestrian footpaths	15	-	30
Street lighting	25	-	40
Subways	40	-	50
Traffic islands	40	-	50
Traffic lights	15	-	20
Traffic lights – coastal	10	-	15
Traffic signs	5	-	15
Toll road plazas	20	-	30
AIRPORTS			
Airports and radio beacons	25	-	30
Aprons	25	-	30
Runways	15	-	20
Taxiways	15	-	20
Specialised equipment			
Luggage movement equipment	20	-	25

Communication equipment	10	-	15
WATER			
Dams			
Structure			
- concrete	80	-	100
- earth	30	-	50
Mechanical and electrical	15	-	40
Meters	10	-	20
Standpipes	5	-	20
Metalwork (steel stairs, ladders, handrails, weirs)	10	-	30
Pump stations			
Structure	30	-	55
Electrical	15	-	40
Mechanical	15	-	40
Perimeter protection	10	-	25
Reservoirs			
Structure	30	-	50
Electrical	15	-	40
Mechanical	15	-	40
Perimeter protection	10	-	25
Supply/reticulation	20	-	50
Underground chambers			
Valves	15	-	25
Meters	10	-	20
Transition	10	-	15

	USEFUL LIFE IN YEARS		
	MIN		MAX
Other	5	-	10
Water purification works			
Structure	30	-	55
Electrical	15	-	40
Mechanical	15	-	40
Perimeter protection	10	-	25
Meters	10	-	15
Telemetry	10	-	15
SEWERAGE			
Bulk pipelines (outfall sewers)			
Rising mains	40	-	50
Gravity mains	40	-	50
Sewerage pump stations			
Structure	30	-	55
Electrical	15	-	40
Mechanical	15	-	40
Perimeter protection	10	-	25
Metalwork	10	-	30
Sewers/reticulation	30	-	60
Waste purification works			
Structure	30	-	55
Electrical	15	-	40
Mechanical	15	-	40
Perimeter protection	10	-	25

Meters	10	-	15
SOLID WASTE DISPOSAL			
Collection			
Vehicles	5	-	10
Containers/Bins	10	-	15
Transfer stations and processing facilities			
Structure	30	-	55
Electrical	15	-	40
Mechanical	15	-	40
Perimeter protection	10	-	25
Landfill site			
Earthmoving and compaction equipment	10	-	15
Landfill preparation	NA		
Structure	30	-	55
Weighbridge			
Mechanical	15	-	40
Electrical	15	-	40
Perimeter protection	10	-	25
RAILWAYS			
Power supply units	25		30
Railway sidings	25	-	30
Railway tracks	15	-	20

	USEFUL LIFE IN YEARS		
	MIN		MAX
Signalling systems	15		20
Shunting yards	25		30
GAS SUPPLY SYSTEMS			
Structure	40	-	50
Electrical	20	-	25
Mechanical	20	-	25
Perimeter protection	10	-	15
Stations			
Trunk receiving	40	-	50
District regulating	40	-	50
Mains/pipelines	15	-	20
Meters	15	-	20
Storage facilities	15	-	20
Supply/reticulation	15	-	20
CEMETERIES	25	-	30
CAPITAL/INFRASTRUCTURE WORK IN PROGRESS	N/A		
Buildings			
Infrastructure			
Other			
OTHER MACHINERY AND EQUIPMENT			
Audiovisual equipment	5	-	10
Building air conditioning systems	10	-	5
Cellular phones (over R5 000)	0	-	2
Cellular routers	3	-	

Domestic equipment (non kitchen appliances)	3	-	5
Electric wire and power distribution equipment (compressors, generators & allied equipment)	5	-	7
Emergency/rescue equipment	5	-	10
Elevator systems	15	-	20
Farm/Agricultural equipment	5	-	15
Fire Fighting equipment	3	-	5
Gardening equipment	2	-	4
Irrigation equipment	10	-	15
Kitchen appliances	5	-	10
Laboratory equipment - Agricultural	5	-	7
- Medical testing	5	-	7
- Roads and transport	5	-	7
Laundry equipment and industrial sewing machines	10	-	15
Learning, training support and library material (curriculum equipment)	5	-	10
Machines for metallurgy	5	-	10
Machines for mining and quarrying	5	-	10
Machines for textile production	10	-	15
Medical and allied equipment	5	-	10
Music instruments	10	-	15
Photographic equipment	5	-	7

	USEFUL LIFE IN YEARS		
	MIN		MAX
Pumps, plumbing, purification and sanitation equipment	5	-	10
Radio equipment	5	-	7
Road construction and maintenance equipment	10	-	15
Saddles and other tack	5	-	7
Security equipment/systems/ materials - Fixed	3	-	5
- Movable	3	-	5
Ship and marine equipment	5	-	10
Sport and recreational equipment	5	-	10
Survey equipment	5	-	7
Telecommunication equipment	3	-	5
Tents, flags and accessories	5	-	10
Woodworking machinery and equipment	5	-	10
Workshop equipment and loose tools - Fixed	5	-	10
- Movable	3	-	5
FURNITURE AND OFFICE EQUIPMENT			
Advertising boards	3	-	5
Air conditioners (individual fixed & portable)	3	-	5
Cutlery and crockery	5	-	10
Domestic and hostel furniture	10	-	15
Linen and soft furnishings	5	-	10
Office equipment (including fax machines)	5	-	7
Office furniture	5	-	7
Paintings, sculptures, ornaments (home and office)	5	-	10
COMPUTER EQUIPMENT			

Computer hardware including operating systems	3	-	5
Networks	5	-	10
TRANSPORT ASSETS			
Aircraft	10	-	15
Aircraft engines	5	-	7
Airport transport equipment (stairs and luggage)	10	-	15
Busses	10	-	15
Cycles	4	-	7
Emergency vehicles (Ambulances and fire engines)	5	-	10
Mobile clinics	10	-	15
Motor vehicles	4	-	7
Railway rolling stock	10	-	15
Ships	15	-	20
Ships engines	5	-	7
Trailers and accessories	5	-	10
Trucks	5	-	7
HERITAGE ASSETS			
Archives		N/A	
Areas of land of historic or specific significance (i.e. world heritage site)		N/A	

	USEFUL LIFE IN YEARS		
	MIN		MAX
Culturally significant buildings (parliamentary buildings)		N/A	
National monuments		N/A	
National parks/reserves (i.e. Kruger Park)		N/A	
Paintings		N/A	
Sculptures		N/A	
Municipal jewellery		N/A	
Works of art		N/A	
Other antiques and collections		N/A	

BIOLOGICAL OR CULTIVATED ASSETS

Dairy cattle		-	
Feathered animals (for eggs and feathers)		-	
Forests and plantations		-	
Fruit trees		-	
Game animals		-	
Animals for reproduction (cattle, goats, sheep, pigs)		-	
Animals for wool or milk (goats and sheep)		-	
Dogs (law enforcement and security)		-	
Horses (law enforcement and working)		-	
Plants (for production of seeds)		-	
Vines		-	
Other animals		-	

INVESTMENT PROPERTY

INTANGIBLE ASSETS

Capitalised development costs		-	
Computer software	2	-	5
Mastheads and publishing titles		-	
Patents, licences, copyrights, brand names and trademarks		-	
Recipes, formulae, prototypes, designs and models		-	
Service and operating rights		-	
Other intangibles		-	

ASSET TYPES			EUL
HV Transformers			50
HV Lines			50
HV Cables		PLIC	50
		XPLE	45
HV Substation Equipment			50
MV Transformer			45
MV Cables & Lines			45
MV Substation and Switch Gear			45
LV Network			50
Network Management			20
Consumer Meters		prepaid	15
		credit	30
Telemetry			20
Buildings			60
Generation			40

14. **Reassessment of depreciation methods, useful lives and residual values**

The depreciation method applied to an asset shall be reviewed at least at each reporting date. Any changes in the depreciation method should be accounted for as a change in accounting estimate in accordance with GRAP 3 on Accounting Policies, Changes in Accounting Estimates and Errors.

Similarly, the estimate of the useful life and residual value of an asset should also be reviewed at least at each reporting date. Any changes in the estimated useful life or residual value of an asset should be accounted for as changes in accounting estimates and applied prospectively in accordance with GRAP 3 on Accounting Policies, Changes in Accounting Estimates and Errors.

15. **EFFECTIVE DATE**

The policy shall come to effect upon approval by Council.

15. **POLICY ADOPTION**

This policy has been considered and approved by the COUNCIL OF ENOCH MGIJIMA MUNICIPALITY as follows:

Approval Date: 29/05/2018

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Acting Municipal Manager

D. van Wyk

Quality Certificate

I, G MASUKU ,the acting Municipal Manager of Enoch Mgijima Local Municipality, hereby certify that the Budget and Supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the Budget and Supporting documentation are consistent with the Integrated Development Plan of the municipality.

Acting Municipal Manager

Enoch Mgijima Local Municipality EC 139

Signature _____

Date 04/06/2019